



Final

Corporate Plan

2021/2022

“Together we move the North West Province forward”

Statement by the Executive Authority

It is hereby certified that this Corporate plan:

- ✚ Was developed by the management of the North West Development Corporation SOC Ltd (NWDC) under the guidance of the Board of Directors;
- ✚ Was prepared in line with the current Shareholder's Compact of the NWDC Group; and
- ✚ Accurately reflects the performance targets which the NWDC Group will endeavour to achieve given the resources made available in the 2021/2022 budget.



Mr Tumelo Pitso

Acting Chief Financial Officer



Mr Radichaba Malapane

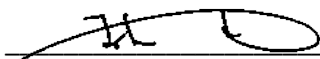
Acting Chief Executive Officer



Ms Monica Sentle

Chairperson of the Board

Approved for Submission to Provincial Legislature By:



Mr Lufhuno Tshikovhi

Head of Department



MEC Kenetswe Mosenogi

MEC for Economic Development, Environment, Conservation and Tourism

Abbreviations & Acronyms

Acronym	Description	Acronym	Description
CEO	Chief Executive Officer	MDC	Maputo Development Corridor
CFO	Chief Financial Officer	MIDZ	Mafikeng Industrial Development Zone
COMESA	Common Market for Eastern and Southern Africa	MTSF	Medium Term Strategic Framework
CPI	Consumer Price Index	NEMA	National Environmental Management Act
EAC	East African Community	NWP	North West Province
EAP	Employment Assistance Programme	NWDC	North West Development Corporation
EE	Employment Equity	PFMA	Public Finance Management Act
EEA	Employment Equity Act	PSA	Public Servants Association of SA
FDI	Foreign Direct Investment	SEZ	Special Economic Zone
FTA	Foreign Trade Agreement	SME	Small Medium Enterprise(s)
GDP	Gross Domestic Product	SMME	Small Micro Medium Enterprise(s)
HDI	Human Development Index	SOC	State Owned Company
IBP	Index of Buying Power	SOE	State Owned Entity
IHS	Information Handling Services (Market Regional Explorer)	SWOT	Strengths, Weaknesses, Opportunities and Threats
IO	Information Officer		

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Part A

Overview of the North West Development Corporation Group

This section provides an overview of the North West Development Corporation SOC Ltd and the legislative universe that establishes its core mandates and prescribed obligations for compliance.

1) THE ESTABLISHMENT OF THE NORTH WEST DEVELOPMENT CORPORATION

The North West Development Corporation SOC Ltd was established in 1999. The reasons for the establishment of the Public Entity is to plan, finance, coordinate, promote and carry out the economic development of the North West Province and its people in the fields industry, commerce, finance, mining, tourism enterprise-related activities and other business resulting in wealth and job creation while taking cognisance of aims and objectives of the National Development Plan of the Republic of South Africa.

Information, Services or Goods provided:

- Property leasing
- Loans and bridging finance to SMMEs
- Trade and Investment facilitation
- Establishment of the Special Economic Zone
- Project management of projects and services

1.1 Best practices in State-Owned Entities from the Presidential Review Committee Report

The review of SOEs provides an opportunity for post-1994 South Africa to redefine the configuration and the role of its SOEs to address economic, social and service delivery challenges facing the country. These challenges include access to quality service delivery, globalisation, unemployment, skewed distribution of income, access to land, housing and finance, and poor infrastructure – the burden of which is disproportionately borne by the majority of the population.

South Africa aspires to be a developmental state. The review report provides an opportunity to align the SOEs to this agenda.

1.2 Legislation empowering the NWDC to perform its functions

In this section, three legislative components are provided for. This first outlines the legislation from which the NWDC derives its core mandate, the second provides a high-level legislative framework with which the NWDC must comply on an ongoing basis and thirdly consideration is given to the policy context through which additional prioritisation and key focus areas are provided for within National and Provincial policy provisions.

1.3 Core Mandate of the NWDC

In addition to the Constitution of South Africa, being the supreme law of the land, the North West Development Corporation owes its existence and mandate to the following Acts.

Table 1: Acts empowering the NWDC

1999	Public Finance Management Act No. 1 of 1999 as amended. The NWDC is a schedule 3D Provincial Government Business Enterprise, entitled to make profit.
1995	NWDC's mandate is as per the North West Development Corporation Limited Act No. 6 of 1995. NWDC is a juristic person with limited liability and perpetual succession. The Corporation, for the purposes of the proper exercise and performance of its powers, functions and duties in terms of this Act shall be capable in law of suing and being sued, of purchasing or otherwise acquiring and holding and alienating movable and immovable property and acquiring real and other rights thereto or any interest therein, of entering into contracts and agreements and, generally, of doing and performing such other acts as bodies corporate by law and may do and perform, subject to provisions of this Act. Section 2(c) prescribes the aims and objects of the Corporation shall be to, <i>plan, finance, coordinate, promote and carry out the economic development of the Province and its people in the field of industry, commerce, finance, mining and other business, resulting in wealth and job creation.</i>
2008/11	Companies Act, No 71 of 2008, the Companies Amendment Act, No. 3 of 2011 and its associated legislation, which defines and guides the registration and operation of for-profit companies within the Republic of South Africa, including State-Owned entities as defined in the PFMA.

1.4 Legislative Compliance

The following Acts have been determined to have a material impact on the NWDC and have thus been listed as laws to which the NWDC will be compliant and manage compliance at all levels or in all areas of application of the legal provisions within the organisation.

- Constitution Act 108 of 1996
- North West Development Corporation Act 6 of 1995
- Public Finance Management Act 1 of 1999 as amended by PFMA Amendment Act 29 of 1999
- National Credit Act 34 of 2005
- Rental Tribunal Housing Act 50 of 1999
- Companies Act 71 of 2008 (The Act replaced the Companies Act, 61 of 1973 and came into effect on 1 May 2011)
- Small Business Development Act 102 of 1996 as amended by Act 26 of 2003: National Small Business Amendment Act, 2003
- Co-operatives Act 14 of 2005 as amended by Act 6 of 2013: Co-operatives Amendment Act, 2013
- South African Revenue Services Act 34 of 1997 as amended by South African Revenue Service Amendment Act 46 of 2002
- Basic Conditions of Employment Act 75 of 1997 as amended by Basic Conditions of Employment Amendment Act, 11 of 2002
- Employment Equity Act 55 of 1998 (Act 55 of 1998 as amended)
- Broad-Based Black Economic Empowerment Act 53 of 2003
- Labour Relations Act 66 of 1995 (as amended by Labour Relations Amendment Act, 42 of 1996: Proclamation, 66 of 1996 Labour Relations Amendment Act, 127 of 1998: Labour Relations Amendment Act, 12 of 2002

- National Archive Act 43 of 1996
- Preferential Procurement Policy Framework Act 5 of 2000
- Promotion of Access to Information Act 2 of 2000 as amended by Promotion of Access to Information Amendment Act 54 of 2002 with effect from 15 January 2003
- Protection of Information Act 84 of 1982 as amended by Intelligence Services Act 38 of 1994: Justice Laws Rationalisation Act 18 of 1996: Intelligence Services Act 65 of 2002: Electronic Communications Security (Pty) Ltd Act 68 of 2002: and General Intelligence Laws Amendment Act 52 of 2003
- Skills Development Act 97 of 1998 as amended by: Skills Development Levies Act 9 of 1999 [with effect from 1 September 1999]: Skills Development Amendment Act 31 of 2003 [with effect from 14 November 2003]: Skills Development Amendment Act 37 of 2008 [with effect from 6 April 2009]: and Higher Education Laws Amendment Acts 26 of 2010 [with effect from 7 December 2010]
- Public Service Corporate Governance of ICT Policy Framework (Cabinet adopted the Framework on 21 November 2012)
- Occupational Health and Safety Act 85 of 1993 as amended by Occupational Health and Safety Amendment Act, 181 of 1993
- Financial Intelligence Act 38 of 2001 (FICA) as amended by Protection of Constitutional Democracy against Terrorist and Related Activities Act 33 of 2004
- Tourism Act 72 of 1993 as amended by: Tourism Amendment Act 105 of 1996: Tourism Amendment Act 8 of 2000: and Tourism Second Amendment Act 70 of 2000
- National Environmental Management Act 107 of 1998 as amended by Mineral and Petroleum Resources Development Act, 28 of 2002 [with effect from 1 May, 2004]: National Environmental Management Amendment Act, 56 of 2002: National Environmental Management Amendment Act, 46 of 2003: National Environmental Management Amendment Act, 8 of 2004: National Environment Laws Amendment Act, 44 of 2008: National Environment Management Amendment Act, 62 of 2008: and National Environment Laws Amendment Act, 14 of 2009
- Intellectual Property Rights from Publicly Financed Research and Development Act 51 of 2008
- Municipal Property Rates Act No 6 of 2004 as amended by Act 29 of 2014: Local Government: Municipal Property Rates Amendment Act 2014

Ongoing legal compliance and monitoring shall consider the prescriptions outlined within the Treasury PFMA Checklist and key areas of compliance derived from those Acts mentioned above.

1.5 Purpose

The purpose of the NWDC is defined within the North West Development Corporation Limited Act and remains consistent with the original proclamation. As the context has changed since the promulgation of the act, and to give additional focus, the following has been defined:

- The NWDC's **strategic thrust** is to drive an inclusive strategy towards economic growth and transformation in the Province in line with the Provincial priorities.
- The NWDC's **purpose** is therefore to contribute towards the growth and transformation of the economy by positioning the North West Province as a competitor in the SADC Region, Africa and the globe in investment attraction
- The NWDC **aims** to demonstrate its leadership by implementing key programmes and providing support for the development of key sectors of the economy in line with the conventional economic and industrial policies of the Province. Key to this aim is the growth of the cooperatives economy, trade and investment facilitation and increased

strategic economic infrastructure. The NWDC undertakes to support key provincial strategies in a manner that ensures successful implementation of those strategies.

In alignment with the provincial strategy, the NWDC's strategic interventions focus on high-impact programmes for:

- Education
- Environmental sustainability
- Skills improvement and development
- Infrastructure development
- Sustainable employment creation
- Resource efficiency
- Enterprise and supplier development
- Trade and investment facilitation
- Innovation promotion and support
- Global competitiveness / reducing the cost of doing business

1.6 Vision

To be the cornerstone of promoting trade, attracting investment, and ensuring inclusive economic growth and transformation in the North West Province.

1.7 Mission

To contribute to the inclusive economic growth and transformation of the North West Province through:

- industrial development;
- commercial investment;
- property development and management;
- development of sustainable enterprises;
- trade and investment attraction; and
- economic programme management.

1.8 Supporting Values

Table 2: Core values and the interpretation thereof

Strategic	<p>Respect: To behave with utmost respect will guide us in all our decisions</p> <p>Fairness: Acting with objectivity, empathy, integrity and transparency</p> <p>Focus (Batho Pele): Focusing on people, economic and rural development</p> <p>Diversity: Show a positive feeling of high regards towards another or entity irrespective of race, gender, religious persuasion, etc.</p> <p>Professionalism: To behave professionally by good judgement and cooperation to customers and colleagues</p> <p>Innovation: To be able to translate ideas or inventions into goods or services that create value which customers will pay for</p>	Operational	<p>Integrity: To demonstrate ethical behaviour by doing the right thing at all times and in all circumstances whether or not anyone is watching</p> <p>Accountability: Taking responsibility for own actions; an obligation to one's self</p> <p>Customer-Orientated: Client needs and satisfaction are one of the NWDC's biggest priorities. This includes responding promptly and respectfully to consumer complaints and queries</p>
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1.9 Operating Principles

The NWDC bases its operating principles on the NWDC Act including the following:

- The entity and government agree on appropriate funding principles and models that comply with the PFMA and legislation.
- Financial viability of the entity should be ensured while it delivers on its core mandates as well as meets its determined developmental objectives.
- A good accounting system will support monitoring of financial performance.
- Performance should be assessed on the basis of efficiency and effectiveness as well as service delivery.
- The entity will play a leadership and catalytic role in economic transformation and development.

1.10 Business Standards and Operations

The NWDC focuses on creating a business environment that is conducive to ease of access to information required for decision making through the development of information systems and information technology.

The NWDC is committed to the development and maintenance of a work environment that is safe, actively fosters personal development and integrity, builds teamwork and values performance.

The NWDC focuses on the development of information and knowledge to assist the entity in making well-informed decisions leading to actions that affect the well-being of the NWDC and its clients.

Management proposes the following measures to be implemented to improve the NWDC:

- Business units not yet collaborating sufficiently need to interrogate root-causes of the dysfunction and develop an overview of expectations and standards relating to work outputs per business unit; and define overarching goals that enable better synergies.
- Structure vacancies impact on business operations need to be filled as soon as possible without sacrificing quality of talent and the requisite hiring procedures.
- Improved staff development through clear talent management and succession planning requirements coupled with the identification of business needs/skills deficits.
- Improper use of systems and tools available to streamline operations needs to be interrogated; and deliberate, fact-based action plans developed in response.
- The SMME programme should focus only on bridging finance, which carries less risk.
- Property maintenance should be improved to ensure the NWDC remains competitive.
- Improved collection methods need to be evaluated and analytics used to determine collection priorities.

Strategic actions:

The NWDC shall:

- Focus on profit and revenue growth
- Invest in our business and brand
- Become more efficient
- Simplify our business
- Refocus our core business model

Internal focus: Sustainability (Funding Model)

The NWDC funding model includes the following:

- Budget allocation
- Rental from properties
- Interest from shares
- Interest from loans
- Charges for services rendered
- Access to available sector funding programmes (training)
- Loans from other funding state institutions
- Sale of properties and assets
- Crowd funding (cooperative banking)

From a human-capital perspective, the NWDC shall focus on internal renewal including:

- Optimising human capital design
- Labour mapping to ensure a seamless approach

- A deliberate focus on organisational culture and moving towards a high-performance organisation.

1.11 Organisational Environment

- a) The NWDC Group must play a leadership and catalytic role in transformation and development. This should be achieved through transparent and development-focused procurement processes (70% local procurement from SMMEs and co-operatives); gender parity and progression; and targeted skills development in collaboration with other stakeholders (state, business and the community).
- b) It must be kept in mind that the commissioning of studies requires compliance with procurement procedures. Funds will also need to be sourced for the studies as NWDC does not have the financial resources. The time required to conduct the studies and the cost of studies will be determined by the level of detail required.
- c) The NWDC Group needs to implement projects in line with the provincial developmental agenda. Furthermore, the NWDC needs to determine priority projects that shall yield the biggest impact in terms of job creation and enterprise development. As it is an objective of NWDC to implement sustainable projects that contribute to economic transformation, it is crucial to base project implementation on thorough feasibility and other studies.
- d) Once feasibility and business/implementation plans have been completed, these plans are to be used to source funding for projects. It must be noted that the quality of the feasibility and business plans influence sustainability, which in turn, determines the decision by investors or funding institutions to invest in or fund a project.
- e) Resources such as capacity, funds and time needed to execute projects, must be sourced; and performance depends on the ability to source adequate resources.
- f) It is imperative that the NWDC, through its investment strategy, has a high return objective to grow itself into a self-sustainable organisation, able to implement the developmental agenda. Furthermore, the NWDC is to become self-funded in the long term, focusing on increasing revenue through its property portfolio and investment activities.
- g) Accessing incentives and grants is crucial for the NWDC as it will reduce the costs of the infrastructure upgrades and revamps.
- h) The NWDC also needs to consider accessing grants to diversify into alternative energy options and water treatment plants at the industrial industries.
- i) As the NWDC derives most of its income from property rental there has been a reduced collection of income due to reduced economic activity during lockdown, however through increased efforts on collection of outstanding debts it was possible to reduce the loss.
- j) The NWDC is in the process of transferring Golden Leopard Resorts SOC Ltd that has been a financial burden to the NWDC, to the North West Parks and Tourism Board.

- k) The NWDC is also embarking on a strategy to minimise municipal costs on properties and to investigate implementing smart metering options at properties.
- l) Considering the impact of Covid-19 and the already dwindling economic situation prior to the pandemic, the National Government has responded by drafting of The South African Economic Reconstruction and Recovery Plan in 2020.
- m) The North West Province embarked on two initiatives where the NWDC was included in the task teams namely a study commissioned by DEDECT to the CSIR on The Impact of Covid-19 in The North West Economy & Proposed Recovery Plans as well as an Engagement with Industry by the Premier of the North West Province, considering plans to recover.
- n) After approval of the final plans NWDC will assist with the roll-out of the plans in line with their mandate.
- o) NWDC has also assisted in rolling out the North West Provincial COVID-19 debt relief project.

1.12 Moving forward

The NWDC is embarking on a process to finalise and implement **the turnaround strategy and new organisational structure**. The new organisational structure is aligned with the strategy of the provincial priorities. The focus will move from conventional methods to a project-based approach for better implementation of deliverables.

The NWDC, as a State-Owned Entity (SOE), aims to match the private sector's performance standards to become a world-class player. The NWDC will be structured and capacitated in a manner that will enable it to implement projects effectively and efficiently.

1.13 NWDC Stakeholders

In our quest to ensure delivery on our mandate, the NWDC has defined key stakeholders within the programme areas, as these programmes are reliant and subject to differing stakeholder groupings. The following provides a high-level outline of the stakeholders important to the NWDC, broadly including those serviced by the NWDC purpose. In our Programme's activities, ongoing stakeholder analysis will form a key activity.

Table 3: NWDC Stakeholder servicing

Name of Stakeholder	Short description of perceived or real Stakeholder needs	Economic Sector
Provincial & National Government Departments	NWDC compliance to policy and legislative mandates and road maps; Feedback on execution of the above, where applicable	Government
NWDC Clients: (<i>Tenants, SMMEs, Cooperatives, Investors and Requestors of Information</i>)	Efficient and professional service from the NWDC	All

Name of Stakeholder	Short description of perceived or real Stakeholder needs	Economic Sector
NWDC Suppliers	Professional and ethical business conduct. Right to be paid within a reasonable time frame for services/goods rendered	
North West University: (and similar niche institutions)	Reciprocal relationship of cooperation on matters of mutual interest and mutual mandates, such as trade, innovation and research	Academia
Broad public of the North West Province	Awareness of and accessibility to the service offerings of the NWDC	
Media	Right to be informed of key news events and matters of public interest pertaining to the NWDC's execution of its mandate	Media
Internal stakeholder: NWDC Staff: <i>(Includes trade union representatives)</i>	Right to be informed and listened to pertaining to all topics relevant and pertinent to the effective execution of their duties. Need to feel respected and valued	Organised labour

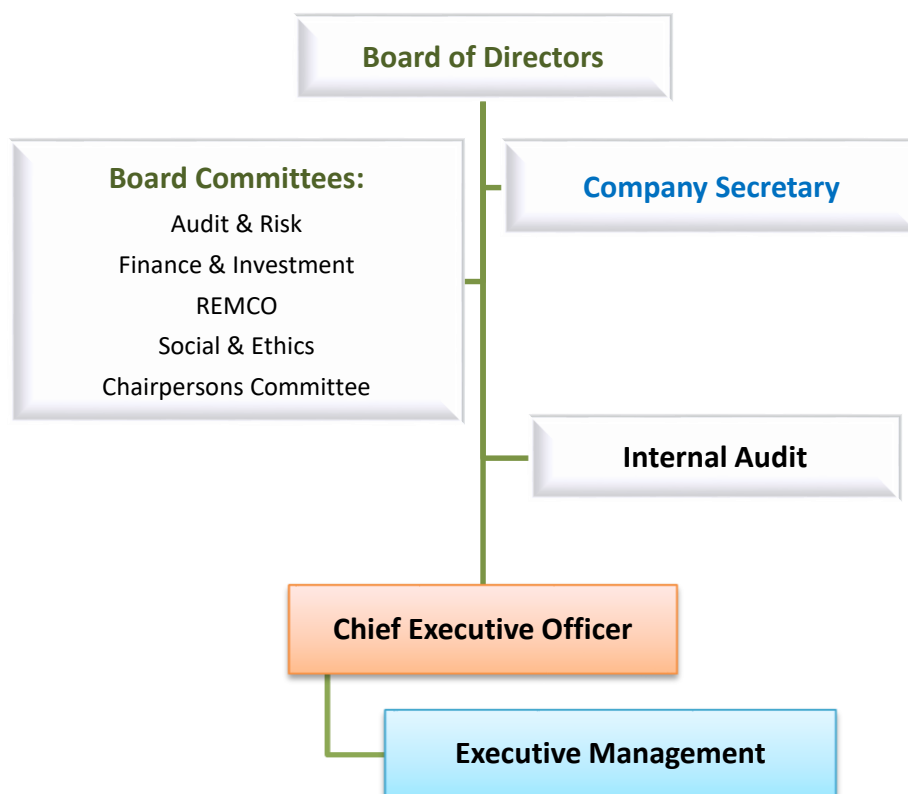
Part B

Corporate Governance

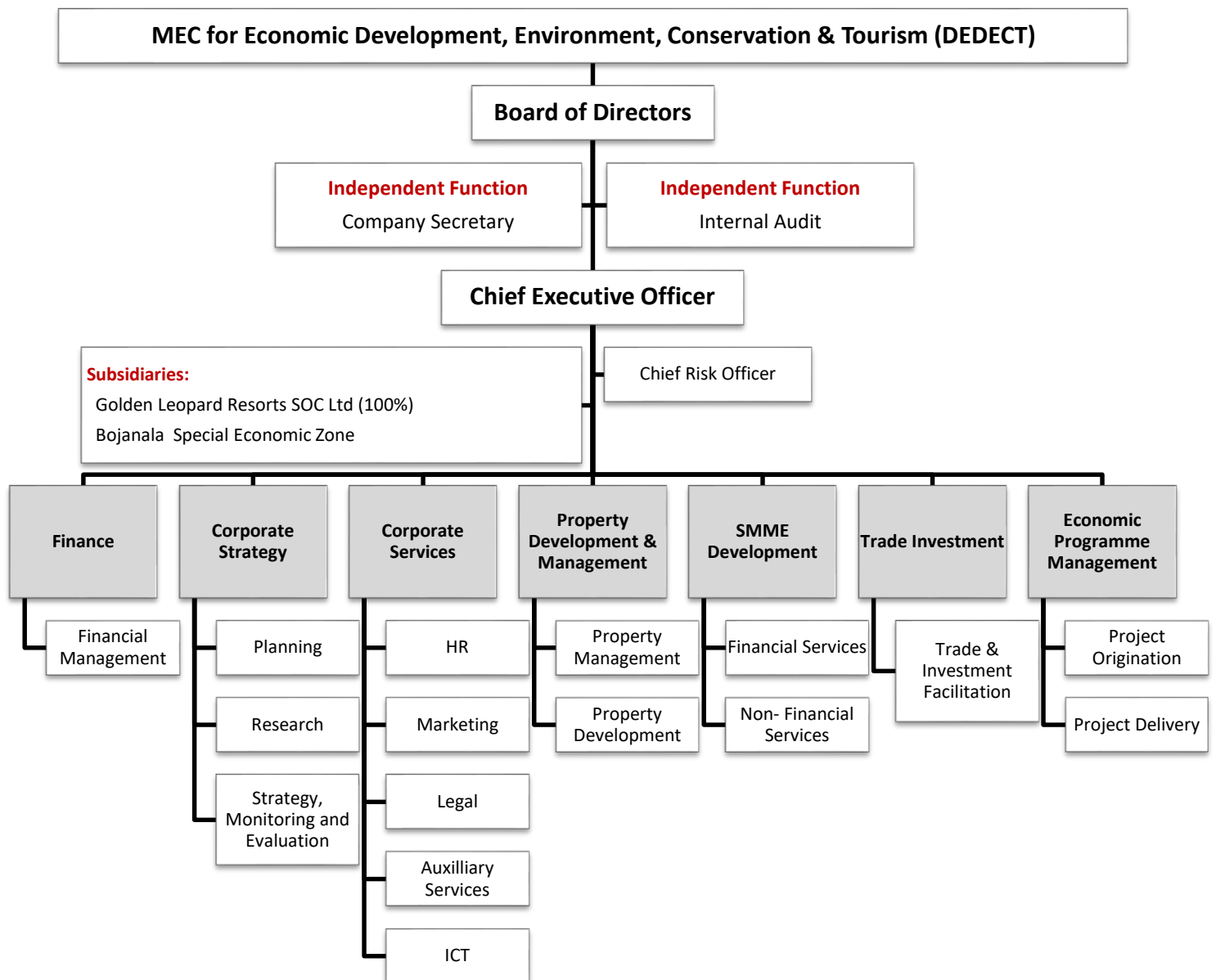
The Board of Directors is the primary direct stakeholder influencing corporate governance. Directors are elected by shareholders or appointed by other board members, and they represent shareholders of the company. The Board is tasked with making important decisions, such as corporate officer appointments, executive compensation, and dividend policy. In some instances, Board obligations stretch beyond financial optimisation, as when shareholder resolutions call for certain social or environmental concerns to be prioritised. The Board of Directors are made up of independent members. Insiders are major Shareholders and Executives. The Board of Directors must ensure that the company's corporate governance policies incorporate the corporate strategy, risk management, accountability, transparency, and ethical business practices.

2) ORGANISATIONAL STRUCTURES WITHIN THE NWDC GROUP

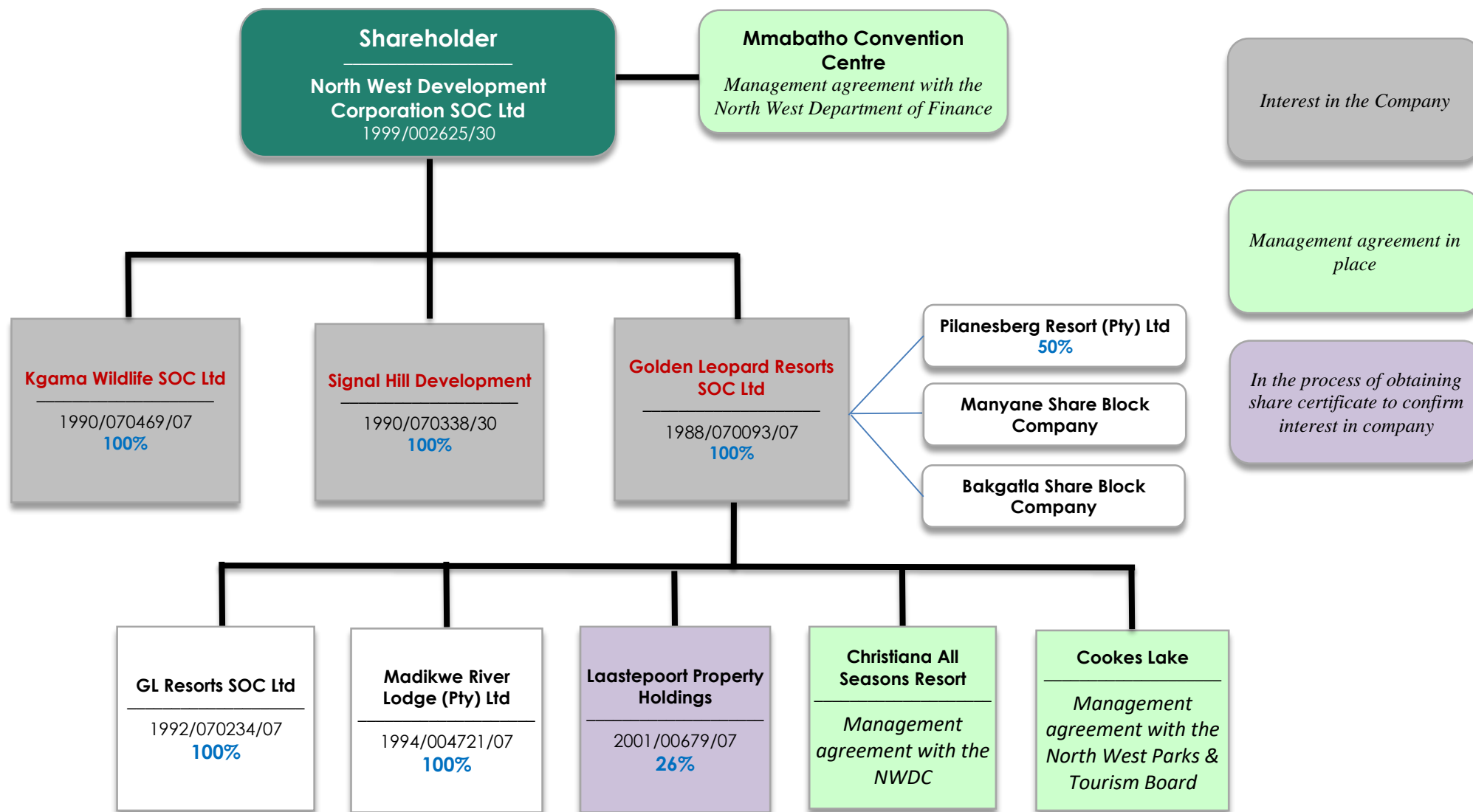
2.1 The structure and composition of the Board of Directors and the Committees:



2.2 The administrative structure of the organisation



2.3 The structure of the NWDC Subsidiaries



2.4 Members of the Board (Executive and Non-Executive)

Name	Role	Date Appointed
Ms MK Sentle (Chairperson)	Non- Executive Director	9 December 2019
Ms KA Dikgole	Non- Executive Director	1 July 2016
Prof Dr LTB Jackson	Non- Executive Director	1 July 2016
Ms M Chokoe	Non- Executive Director	1 July 2016
Ms G Moyo	Non- Executive Director	9 December 2019
Mr R Malapane	Non- Executive Director	9 December 2019
Mr T Phiri	Non- Executive Director	9 December 2019
Mr SF Kgodumo	Non- Executive Director	9 December 2019
Mr ME Mojaki	Non- Executive Director	9 December 2019
Ms J Nyathi	Non- Executive Director	18 March 2020

2.5 Members of the Board: Academic Qualifications and Areas of Expertise

Name of Director	Academic Qualifications	Areas of Expertise
Ms MK Sentle (Chairperson)	<ul style="list-style-type: none"> • MBA • Magister Educationist: Master Degree Management • Bed Honours Degree: Training and Development • Further Diploma: Management • Diploma: Business Management • University Diploma: Teaching • National Certificate: Information Technology • Business Rescue Practitioner (current), Software Specialist (to complete) • Matric 	<ul style="list-style-type: none"> • Leadership and Management • Corporate Governance • Project Management • Leadership and Training Development • SMME Development Projects • Projects Management • Operations Management • Risk Management • Investment Management • Mergers & Acquisition • Human Resource Management • Policy Development • Financial Decision Making • Financial Reporting & Management • International Finance • Advanced Research • Stakeholder Relations • Community Development • ICT Project Management • Information Technology Management
Ms K A Dikgole	<ul style="list-style-type: none"> • National Diploma: Internal Auditing • National Certificate: Internal Auditing 	<ul style="list-style-type: none"> • Auditing and Accounting • Corporate Governance • Risk Management • Managerial Skills
Prof Dr LTB Jackson	<ul style="list-style-type: none"> • PhD • MA 	<ul style="list-style-type: none"> • Industrial Psychology • Strategic Management

	<ul style="list-style-type: none"> • MBA • Hons BA • Matric 	<ul style="list-style-type: none"> • Education (Mathematics and Science)
Ms M M Chokoe	<ul style="list-style-type: none"> • MBL • Management Development Programme • B.Com • B.Com Honours (Business Management) • Matric 	<ul style="list-style-type: none"> • Strategic Leadership of Supplier Development • Functional Leadership and Management • Management of Strategic Initiatives • Stakeholder Management • Capability Development • Vast SOE Experience
Ms G Moyo	<ul style="list-style-type: none"> • National Diploma in Real Estate • B-Tech Quantity Surveying • National Diploma: Building Science • Matric 	Property Valuations
Mr R Malapane	<ul style="list-style-type: none"> • CA (SA) • B.Com Honours Degree • B.Com Degree: Financial Accounting • Matric 	<ul style="list-style-type: none"> • Development Finance from IDC and SEFA • Auditing, Accounting and Financial Reporting from the AGSA • Supply Chain Management • ICT Governance • Risk Management • Financial Management • Monitoring and Evaluation gained from Public Sector CFO role
Mr T Phiri	<ul style="list-style-type: none"> • PC Repair Diploma • A+ PC Technician Diploma • Microsoft Office User Specialist • Software Development Diploma • Matric 	<ul style="list-style-type: none"> • Information Technology • IT Design Infrastructure
Mr SF Kgodumo	<ul style="list-style-type: none"> • Post Graduate Diploma in Public Management • BA in Development and Management • Emerging Management in Municipal Governance Certificate • Certificate in Youth Management • Matric 	<ul style="list-style-type: none"> • Youth Development Practitioner • Local Government Practitioner • Accredited Facilitator Consultancy and Training • Project Management • Strategic Management and Development
Mr ME Mojaki	<ul style="list-style-type: none"> • MBA • Preferential Procurement Programme • Bachelor of Science Degree • Diploma in Animal Health • Matric 	<ul style="list-style-type: none"> • Project Management • Operations Management • Economist
Ms J Nyathi	<ul style="list-style-type: none"> • PMD 2016 • Current Studies: LLB Unisa • Matric 	<ul style="list-style-type: none"> • Public Management • Policy and Finance Management

2.6 Information of the Senior Executives of the North West Development Corporation

Name of Executive	Academic Qualifications	Areas of Expertise
Mr K Modise	<ul style="list-style-type: none"> • Matric • B.Com Accounting 	<ul style="list-style-type: none"> • Auditing and Accounting • Financial Statement • Corporate Governance • Business Development • Risk Management • Strategic Management • Managerial Skills
Mr T Phetla (CEO)	<ul style="list-style-type: none"> • Bachelor of Administration (B. Admin.) • Bachelor of Administration (Honours) • Executive Education : Programme for Management Development • Certificate Programme in Business Project Management 	<ul style="list-style-type: none"> • Strategic Management • Development Finance • Human Resources
Mr T Pitso (Acting CFO)	<ul style="list-style-type: none"> • Honours Bachelor of Commerce in Applied Accounting • Postgraduate Diploma in Financial Accounting • B.Com Financial Accounting 	<ul style="list-style-type: none"> • Strategic Planning & Management • Corporate Governance • Financial Management • Auditing and Accounting • Risk Management • Managerial Skills • Managerial Finance • Supply Chain Management • ICT
Ms H Hoogkamer (Acting CRO)	<ul style="list-style-type: none"> • MBA(GIBS) Majoring in Financial Management, Logistics and Statistics • BSc Home Economics Ed • Certificate Economic Indicators: Monitoring the South African Economy. 	<ul style="list-style-type: none"> • Research • Strategic Planning and Management • Financial Management • Investment Facilitation • Manufacturing • Innovation • Renewable Energy
Ms N Phamodi	<ul style="list-style-type: none"> • National Diploma in HRM • B-Tech in HRM • Financial Management & Cost and Accounting • Post Graduate Diploma in Financial Management 	<ul style="list-style-type: none"> • Strategic Management • Development Finance • Human Resources • Corporate Governance

Part C

Policy Mandates and Economic Environment

To be able to place the performance of the North West Province into perspective, it is necessary to consider the macro and micro economy from both a global and a South African perspective. The external environment scan is used to elucidate opportunities and threats related specifically to the NWDC's purpose. Trends highlighted are considered not only in terms of the trends themselves, but how changes in the PESTLE landscape present opportunities and threats, matching these to strengths and weaknesses within the organisation.

3) POLICY MANDATES

3.1 The National Development Plan (NDP)

The NDP sets out the desired future of South Africa and identifies the role different sectors of society need to play in reaching that goal. Clear obligations that are outlined within the NDP, are pertinent and instructive to the NWDC. They include:

- The three core priorities of raising employment through faster economic growth; improving the quality of education, skills development and innovation and building the capability of the state to play a developmental, transformative role.
- Creating jobs through economic policy coordination and implementation
- Building partnerships between the public and private sector
- Raising competitiveness and export earnings through better infrastructure
- Increasing exports and support for small businesses
- Strengthening financial services

3.2 The Medium-Term Strategic Framework (MTSF) 2019-2024

The Medium Term Strategic Framework (MTSF) is a five-year plan of government that is intended to implement the electoral mandate and National Development Plan Vision (NDP) 2030. The NDP is our vision leading to 2030. It calls all of us to work together to deal with poverty, unemployment and inequality. The MTSF 2019-2024 will be implemented through the joint efforts of government, the private sector and civil society.

Key targeted milestones include:

- Economic Growth: Growth rate of 2-3% by 2024;
- Unemployment and jobs: Reduce unemployment from 27.9% to 20% to 24% by 2024;
- Inequality: Lower South Africa's income Gini Coefficient from 0.68 to 0.66 by 2024;
- Poverty: Reducing poverty from 39.8% to 28% by 2024.

The seven priorities as follows:

Priority 1: *A capable, ethical and developmental state*

Strengthening the governance systems of State Owned Entities by 2023:

- Modernise service processes in the public sector
- 100% reduction of wasteful and fruitless expenditure in the public sector institutions
- Improve financial management capability by implementing the Integrated Financial Management System in the public sector
- Implement job competency framework for public sector by 2023 to build a professional public administration

Priority 2: *Economic transformation and job creation*

- 4G coverage of high demand spectrum allocated by 2020
- Support the establishment of a 100 000 youth owned start-ups per annum
- Facilitate and support 200 000 functional small businesses and cooperatives by 2024
- Create 275 000 jobs per year through Job Summit Commitments, Operation Phakisa and other public sector employment programmes
- R5 billion Infrastructure Fund established and operationalised by 2020 to improve the quality and rate of infrastructure investment
- Implementation of revised visa regime, to ensure that 95% of visa applications are adjudicated in 4 weeks by 2022
- Implement Presidential comprehensive youth employment interventions that absorb 1 million youth in NEET in employment

Priority 3: *Education, skills and health;*

Priority 4: *Consolidating the social wage through reliable and quality basic services;*

Priority 5: *Spatial integration, human settlements and local government;*

- Land Fund established by March 2020 and R3.6bn allocated over 5 years
- 90% of water use rights allocated to land reform projects (water use licenses)
- Identify 3 existing towns and cities for refurbishment and transformation into smart cities.
- Profile and support enterprise development in townships through financial incentives and other non-financial forms of support
- 8 000 000 hectares of land under rehabilitation / restoration
- 900 000 hectares of land for Redistribution & Tenure Reform
- 600 000 hectares of land for Land Restitution
- Land under cultivation in traditional areas increased by 50 000 hectares
- Implement Green House Gas reduction measures within 4 sectors to reduce emissions by 42% by 2024
- 300 000 Smallholder farmers supported with skills, infrastructure and financial support measures to increase productivity

- 5 Agri-hubs and agro-processing facilities established
- 9 Dams' rehabilitation projects and new dams constructed
- Increase operational hours of Bus Rapid Transport (BRT) to 20 hours

Priority 6: *Social cohesion and safe communities;*

- A socially cohesive and safe South Africa requires a series of intersecting interventions that unite our country and
- 70% Conviction rate for serious fraud and corruption in the private sectors.

Priority 7: *A better Africa and world;*

The NWDC will continue our international leadership, working towards global peace, people-centred development and prosperity for all. A key focus will be on increasing investment in opportunities for trade, economic development and our presence in global compacts.

- Increased Foreign Direct Investment (FDI) and increased exports to the value of R1.2 trillion to contribute in economic growth
- Increase international tourist arrival by 6% annually till 2024
- Increase regional integration and trade through 20% of prioritised projects of the Indicative Strategy Development Plan implemented
- 80% of international standards domesticated, to improve the conditions for all South Africans

Cross-cutting focus areas:

The NDP Vision 2030 prioritises the significant role of women, youth and people with disabilities in our society. If these three groups are strong, our whole society will be strong. These are cross-cutting focus areas that need to be mainstreamed into all elements of South Africa's developmental future and all programmes of government. They will inform interventions across the three pillars.

3.3 National Industrial Policy Framework (NIPF) and Industrial Policy Action Plans (IPAP)

In order to contribute towards government's goals for 2024—and beyond—the national Industrial Policy Framework (NIPF) vision for South Africa's industrial trajectory focusses on elements of diversification, long-term intensification, labour-absorbing and broad-based industrialisation. To give effect to this framework, the Industrial Policy Action Plan (IPAP) emphasises support for agriculture and mining, the local procurement drive and other programmes to enhance competitiveness in the productive sectors of the economy. Government therefore seeks to strengthen the competitiveness, productivity and trade performance of the core productive sectors of the economy. New opportunities in the green economy, the ocean economy and exports of goods and services to growing African markets will be promoted. Research and technology development will also continue to be supported.

3.4 Provincial Priorities

Within the North West Province, there are additional priorities that guide the NWDC's focus. The importance and guidelines for continued contribution of the NWDC were recognised within the State of the Province address by Honourable Premier Tebogo Mokgoro. From a policy context, The North West Province has published its Spatial Development Framework 2016 which, amongst other key objectives, includes giving spatial effect to objectives set by National Government Policies on Sustainability to support the optimal integration of the aspects of social, economic, institutional, political, physical and engineering services and creating an enabling environment for sustainable employment and economic growth and infrastructure development, promoting the objectives of the National Growth Path, The Industrial Policy Action Plan (IPAP) and The National Infrastructure Plan.

3.5 Local Linkages

The NWDC operates across the length and breadth of the province and as such has to consider the local sphere of government and its priorities. As such, the NWDC continues to engage with relevant policies within local and district municipalities, including through their Integrated Development Planning processes and plans. As one of the critical tools for accelerating the country's industrial development, the Special Economic Zone (SEZ) policy and programmes, which was mandated by the Special Economic Zone Act No. 16 of 2014, finds application in local and district levels (Bojanala Platinum Valley within the North West).

The NWDC, though a Schedule 3D entity with focus on revenue enhancing activities, takes seriously the developmental priorities of South Africa as articulated in the policy outlined above.

3.6 Key Priorities as outlined in the State of the Nation Address 2021

The NWDC Corporate Plan for 2021/2022 is outlined against the four priorities set by the Honourable President Ramaphosa in his State of the Nation Address 2021. These priorities are:

- Defeat the Covid-19 pandemic;
- Accelerate economic recovery;
- Implement economic reforms to create sustainable jobs and drive inclusive growth; and
- Fight corruption and strengthen the State that has been weakened.

3.7 Key Priorities as outlined in the State of the Province Address 2021

The Honourable Premier Job Mokgoro, in his State of the Province Address, set out the following pronouncements and/or priorities:

3.7.1 Economic Development Pronouncements:

The Province remain committed towards:

- economic transformation and job creation,
- apprenticeships, learnerships, internships,

- the Extended Public Works Programme and
- Community Based Programmes.

The Office of the Premier is reviewing and finalising the **Provincial Growth and Development Strategy**. An economic modelling and analysis is being conducted to determine targets for the PGDS.

Promulgated the **North West Business Licensing Act No. 3 of 2019** to regulate, control and license businesses in the Province.

Provincial **Water Master Plan** as a priority to address sewerage and sanitation problems within their boundaries as a matter of urgency by end of March 2021.

Provincial Rural Economic Development Summit, this year, aimed at coming up with a Comprehensive Rural Development Strategy so as to position rural development as a key part of the District Development Model.

3.7.2 North West Development Corporation Pronouncements

- **Smart City Project linking Lanseria in Gauteng to Hartebeespoort Dam in Madibeng in the North West.** The NWDC to **acquire 30% of the land earmarked for the Smart City**. The MEC for Economic Development, Environment, Conservation and Tourism will unpack that process during the departmental budget vote.
- **Bojanala Platinum Valley Special Economic Zones Programme** to target investment in capital equipment manufacturing, renewable energy, agro-processing and general manufacturing and general mixed areas in the Mogwase Industrial Area, has been established and next steps include:
 - Strengthening the SEZ Project Management Capacity, and the SEZ Board, CEO and CFO will be appointed.
 - The **revised business case is being finalised** and will be submitted to the Department of Trade, Industry and Competition (DTIC) for designation and awarding of an SEZ Operator Licence before the end of the **1st Quarter in 2021/2022**.
- **Bodirelo Industrial Park Revitalisation Programme in Mogwase** to revitalise and refurbish state-owned industrial parks as part of regional industrialisation and increasing the manufacturing base by offering quality industrial infrastructure in township and rural areas. The second phase was **dedicated to refurbishment of eight factories** in Bodirelo in Mogwase leading to **1 700 sustainable jobs**.
- **North West Covid-19 SMME Relief Fund** administered by NWDC worth about **R40m**. As at the 17th of February 2021, a total of **3 390 beneficiaries were paid over R14.4m** from the Covid-19 Relief Fund. The total remaining disbursements will be completed by the end of this month (March 2021).

3.7.3 Pronouncements that will impact on the NWDC

North West Parks and The North West Tourism Boards (NWP&TB) merger to be effective from 1 April 2021.

3.7.4 Pronouncements that hold opportunities for the NWDC

a) Alternative Building Material Project Opportunities:

- **Education Department is building more schools and classrooms and upgrading sanitation and water provision;**
- **Human Settlements Department** is considering use of alternative building technology to provide temporary shelters.
- The **Department of Human Settlements**, in their business plan, has already provisioned for development of **Mixed Human Settlements**, EXCO will as a matter of urgency **conclude the policy framework thereof**. Applying for the **Social Housing Regulatory Authority accreditation** in order to improve our **capacity to implement social housing and rental stock**.

b) Constructively engage women through dialogues to understand their key socio-economic factors that need our intervention and we will continue to **support women cooperatives and SMMEs to improve their livelihoods with R6m for the 2021/22** financial year, and part of that support includes capacity building, mentoring and procurement of equipment and other necessities for women cooperatives and SMMEs.

c) **Presidential Employment Initiative (PEI) Programme:** Received R80m to implement the (PEI) programme which is a labour-intensive programme aimed at creating jobs in support of the economic recovery initiatives. The province is utilising the Vuk’Uphile Contractor Development Programme as anchor contractors who will appoint SMME companies as sub-contractors to carry out the work. The sub-contractors have already appointed 5 000 employees through the EPWP Programme to do drainage maintenance, roadside maintenance, traffic signs and roadside furniture, protection work, vegetation maintenance as well as brick making and paving.

d) **Utilise this initiative to clean NWDC properties:** The programme was implemented with effect from January 2021 and will run until 31 March 2021.

e) **Economic Recovery Programmes:**

As part of the economic recovery programmes aimed at generating more revenue for the state, we are implementing the disposal of non-core assets such as houses and vacant stands.

f) **R500 Billion Fiscal Stimulus Package.**

National Treasury has made available **R7 billion to fund implementation of the Presidential Basic Education Employment Initiative (BEEI) Project**. A large proportion of the funding will go towards creating work opportunities for an estimated 319 000 youth between the ages of 18 and 35 years old which also support skills development and experiential learning programmes.

During the 2021/2022 financial year, we'll be incubating 135 SMMEs over three years in manufacturing, engineering services, mine water rehabilitation and to reclaim remaining gold in existing mine tailings to eventually create 540 jobs, partnering with:

- Lepharo Incubator, which is a SEDA Incubator to the tune of R22,3m;
- Harmony Gold's Kraaipan Operations to the tune of R4,5m;
- Rustenburg Local Municipality to the tune of R9,5m; and
- the Department of Economic Development, Environment, Conservation and Tourism to the tune of R14,5m

3.7.5 Pronouncements that can assist with increasing the NWDC capacity

a) Fraud and Corruption

Effective from April 2021, we are **establishing a Provincial Forensic Investigation Unit** within the Provincial **Treasury functionally reporting directly to the Premier**, to perform investigations.

We aim to achieve:

- a capable and honest government,
 - improved leadership, governance and accountability,
 - a functional, efficient and integrated government,
 - a professional, meritocratic and ethical public administration and
 - the mainstreaming of gender and empowerment of youth and persons with disabilities.
- b) Prioritising the implementation of the **National Anti-Corruption strategy** towards building an ethical state.
- c) **The Mafikeng Digital Innovation Hub**, being a champion of Digital Transformation in North West province in partnership with DEDECT has managed to roll out **Digital Covid-19 SMME Business Recovery training intervention**, training over 180 Entrepreneurs in 4 districts of North West Province.

The aim of the intervention was to **assist SMMEs who received or are still to receive Covid 19-Relief Fund from DEDECT/NWDC** to be able to operate during Covid-19 and beyond using technology as well as ready themselves for the new normal, take advantage of digital tools and develop their digital strategy.

d) Financial Management Capacity

Continuous efforts to improve the accounting practices of Provincial Government Departments and Public Entities, through the Provincial Treasury;

- Implementing plans to improve asset management in the Province through intensive training on asset management effective from the second quarter of the 2021/22 and **implementing the immovable asset guide in both Departments and Public Entities.**
- Provincial Treasury will **conduct quarterly accounting updates on Modified Cash Standard (MCS) for Departments and GRAP updates for Public Entities.**
- **Capacity building through training targeting the CFO** sections of all the departments and entities so as to ensure improved audit outcomes.

4) PESTLE AND SWOT ANALYSIS

Economic development must consider trends in the external environment and respond to the threats and opportunities that emerge from these trends. The following PESTLE analysis presents a high-level overview of the emerging trends identified through consultation within the organisation. The importance of the PESTLE analysis must find expression in the individual programmes, given that specific trends are likely to have a greater or lesser impact on the individual programmes and projects implemented.

4.1 Environmental Scan

The sections below present the PESTLE analysis by theme. In the context of rapid change, these items are listed as a brief snapshot but will require ongoing discussion and monitoring to ensure the strategic objectives and programmes reflect the shifting context in which the NWDC operates.

Further defining the need for constant reflection is the VUCA world, characterised by volatility, uncertainty, complexity and ambiguity. In responding to this we need to constantly reflect on our vision, understanding, clarity and agility.

Table 4: Examples of translation from Political trends to threats and opportunities

POLITICAL CONTEXT: Political Factors		
<ul style="list-style-type: none">• Shifting political landscape including North West being under administration with political interference (positive and negative) experienced over the years• An absence of constructive interdepartmental relations• Instability in the political structure		
Trend	Threat	Opportunity
Instability in the political landscape, particularly over the last two years.	Changing political priorities can impact on the achievement of strategic objectives and can impact negatively on investor confidence.	Increased political discussion could be useful in articulating and restoring the NWDC to its core mandate.

Political interference has been commonplace in the South African public sector	Political interference has adverse impacts on decision-making and the profitability of the NWDC.	Alignment between political and organisational priorities could present increased support and commitment.
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Table 5: Examples of translation from Economic trends to threats and opportunities

ECONOMIC CONTEXT: Economic Factors		
<ul style="list-style-type: none"> Rise in agricultural risk factors and the need for the sector to become more productive to ensure food security Poverty levels need to be reduced Income distribution needs to be more equal Economic diversification into high tech manufacturing and services The NWP has a share of approximately 6.3% of national employment rate Instable GDP growth or possible recession knock-on effect on employment rise or fall 		
Trend	Threat	Opportunity
Declining economic growth and possible recession	Rural industrial and some urban commercial properties are no longer competitive.	Fill the gap in providing access to funds and programmes to assist affected industries. Partner with other departments (DoL) to create holistic response programmes.
Decreased energy security and stability (load-shedding)	Business disruption with declining revenue and profitability.	Renewable energy and off-grid solutions present a new market with multiple links in the value chain.
Move from rural industrial to urban services industries	Pressure on available finances to pay rent, repay loans and attract investments	Selling off rural industrial property and investment in urban centres.
Shifting requirements of mining and industrial operations within the province.	Inability for local suppliers, including SMMEs to supply goods and services required by industry.	Refocus of developmental programmes and integration of SMME development through Supplier Development and Localisation programmes with preferential off-take agreements.

Table 6: Examples of translation from Social trends to threats and opportunities

SOCIAL CONTEXT: Social Factors		
<ul style="list-style-type: none"> Disproportionate employment between age groups (aging working population supporting an unemployed youth group) New entrepreneurs are millennial and we would have to find new ways to reach them Increasing unemployment of skilled labour Move to online commerce is rapidly increasing Importance of constant communication and being connected to the internet, social media etc. 		
Trend	Threat	Opportunity
Increasingly young population that is unemployed whilst skilled workers approaching retirement (or moving)	The brain drain is causing a loss of skills in some key sectors. Increased pressure on the financial viability of some businesses.	Opportunity to drive entrepreneurship as well as mentoring programmes to transfer the skills and knowledge to new entrants to the market and young workers.

High unemployment of skilled labour-force from mining sector	Social unrest and other negative impacts on the province but also in areas in which NWDC operates.	Potential skilled labour force for incoming investors. Possibility of database of skilled workers to take up positions in new businesses and flourishing industries (such as logistics and warehousing).
Youth and women empowerment	High illiteracy rates in these previously marginalised groups could be a challenge for rapid programme implementation.	Rising the real incomes of women and youth. Funds made available for initiatives focusing on women and youth.
Social trend of online shopping and interaction	Decline in the use of commercial and retail spaces with subsequent pressure on our tenants.	Promotion and stimulation of business, in particular repurposing or focussing on new market opportunities.
Internet requirements in hospitality.	Not having fast internet (or any) internet connection facilities turns away customers.	Establishing niche service providers from our SMME sector.

Table 7: Examples of translation from Technological trends to threats and opportunities

TECHNOLOGICAL CONTEXT: Technological Factors		
<ul style="list-style-type: none"> Disruptive technologies such as Artificial Intelligence and machine learning are disrupting all levels of the job market The internet of things and other technologies are presenting new value streams and revolutionising old ones. Technology and analytics are being used to transform and improve operations 		
Trend	Threat	Opportunity
Artificial intelligence is able to take over a range of functions within a job	Where jobs are routine AI could lead to total replacement of human workers	There may be a rise in profits, particularly for some of our tenants, securing our rental business. There is a need for skills development in new job arenas.
Cyber crime	Huge impacts on businesses and individuals through fraud, identity theft and other online crimes.	New job markets in cyber security and ICT.
The global marketplace through online commerce	Competition and overpowering by monopoly capital.	Our SMMEs and other producers can market internationally.

Table 8: Examples of translation from Legal trends to threats and opportunities

LEGAL CONTEXT: Legal Factors
<ul style="list-style-type: none"> Increasing non-compliance and lawlessness within the province over the last few years Political expedience overshadowing governance Inadequate internal legal skills Revision of key laws and policies within the province Challenge of balancing Schedule 3D PFMA/legal requirements and business/profit imperative of NWDC

Trend	Threat	Opportunity
Non-compliance.	Potential for irregular expenditure, adverse audit opinions and impact on NWDC as a going concern.	Refined mandate and streamlining of procurement practices to increase competitiveness.
Strengthening of labour laws	Unaffordable salary bills and strain on company fiscus.	Stability in the labour markets and increased voice for employees.
Legislative review in the province	Extensive and added bureaucratic controls may impact negatively on efficiency.	Revised and energised strategic direction and return to the core business of NWDC.

Table 9: Examples of translation from Environmental trends to threats and opportunities

ENVIRONMENTAL CONTEXT: Environmental Factors		
<ul style="list-style-type: none"> Climate change leading to water scarcity and other impacts Degradation of the existing resource base, including ground water. Environmental laws impact on investments. Environmental decline and pollution due to mining and other industrial activities Rise in popularity of eco-tourism and cultural-tourism 		
Trend	Threat	Opportunity
Increasing water scarcity	Water is fundamental to business (and human rights). Water shortages threaten business survival.	Large-scale investment in water recycling, purification and general infrastructure.
Climate change and the low-carbon / green economy	Increased pressure on existing carbon intensive industries with potential knock-on effects to our clients.	Massive potential for investments into Bojanala SEZ, green technologies and renewable energy.
Legislative review in the province	Extensive and added bureaucratic controls may impact negatively on efficiency.	Revised and energised strategic direction and return to the core business of NWDC.

4.2 An analysis of the strategic objectives of the NWDC indicated the following Strengths, Weaknesses, Opportunities and Threats:

Table 10: Strengths, Weaknesses, Opportunities and Threats (SWOT)

SWOT ANALYSIS	
Internal Strengths	Internal Weaknesses (including risks)
<ul style="list-style-type: none"> Status as the official economic development implementing arm of Government in the North West Province A wide provincial footprint Valuable asset base with some flexibility in revenue-enhancing activities Broad mandate Schedule 3D status provides for wide network and support from government Comprehensive Networks 	<ul style="list-style-type: none"> Financial challenges including: <ol style="list-style-type: none"> Poor collection methods and/or controls Liquidity of the NWDC with inadequate cash-management controls Irregular spending and non-compliance with legal provisions Disclaimer (lack of internal financial controls) Lack of advocacy Lack of internal communication and business integration

<ul style="list-style-type: none"> Existing Property Management Systems are in place Institutional memory Rapport between staff within the organisation Policy framework is in place We have a solid track record Existing benchmarks for organisational structure 	<ul style="list-style-type: none"> Inability to access funding Poor interpretation and implementation Lack of capacity in the NWDC Increasingly poor reputational image and loss of confidence Lost business by not providing basic amenities such as WiFi at our resorts and facilities Income generating properties not being looked after (unattractive)
External Opportunities <ul style="list-style-type: none"> The province has ample available resources including minerals, agriculture and wildlife Leveraging on new technologies to improve operations Establishing the SEZ company Development of vacant land Converting properties to smart properties to improve income generation capabilities and at the same time the properties become a collection tool Increased political discussion could be useful in articulating and restoring the NWDC to its core mandate. Alignment between political and organisational priorities could present increased support and commitment. Shifting mining operations present new market arenas for empowering the SMMEs we support Opportunities from the Jobs Summit Foreign direct investment opportunities Education of small businesses (SMMEs) in and around the NWDC properties to ensure they are sustainable Opportunities from the Presidential Stimulus package Providing a one-stop-shop providing funds and assistance programmes to skilled workers and linking skills to companies entering the market. Funding and other services to youth start-ups particularly in the face of shifting disruptive technologies Increasing instability in the energy system is driving the need for renewable and decentralised technology Amendments in labour laws allowing for greater stability and voice of workers Water-scarcity should drive technological and infrastructural investments in the water sector (as a political imperative to fulfil basic human rights) Focus on youth development and women empowerment has opened up potential funding sources in line with SMME development. 	External Threats (including risks) <ul style="list-style-type: none"> Lack of understanding the NWDC services National DFIs playing in the same field as the NWDC Changing political priorities can impact on the achievement of strategic objectives and can impact negatively on investor confidence Political interference has adverse impacts on decision-making and the profitability of the NWDC Loss of market for SMMEs (from modernisation of the mines and shifting market needs) means reduced repayment of loans. Increased mortality of SMMEs resulting in property vacancies The reliance of the province on commodities creates vulnerability Lack of opportunities within the job market is leading to a “brain drain” of skilled people to other provinces. Instability in electricity supply is putting pressure on businesses leading to defaults on rent and loan repayments Unaffordable salary bills Water-scarcity and poor quality threatens financial development and expansion of services within the province Increasing illiteracy threatens the capabilities and potential market for our services

- Drive for integrated rural development may allow for funding of initiatives in the rural economy.

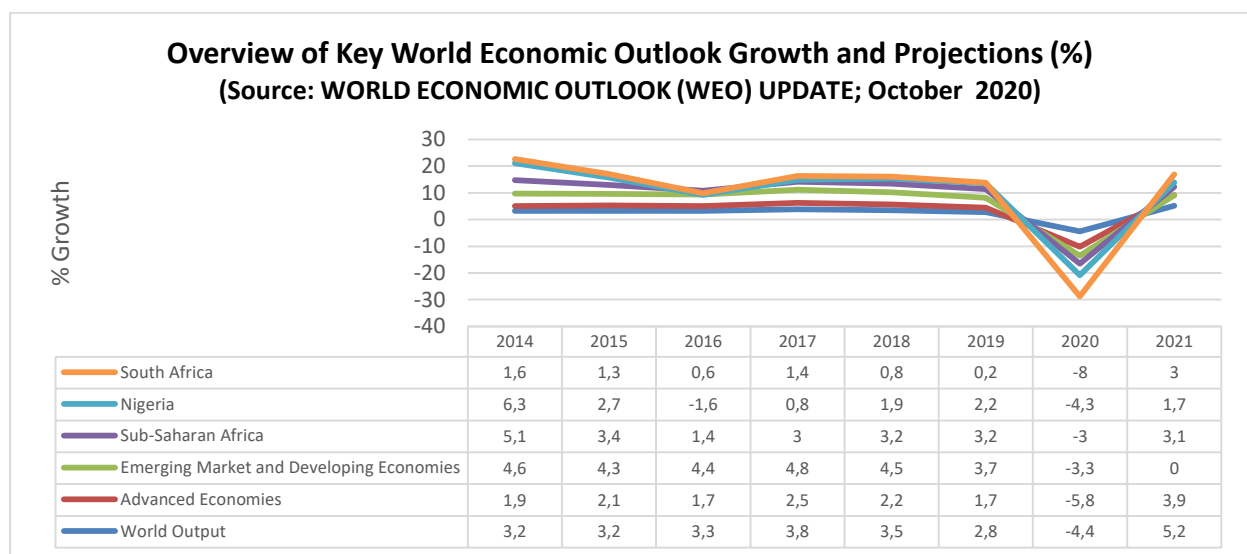
4.3 Economic Overview

4.3.1 The Global Economy: A Long and Difficult Ascent (Source: WORLD ECONOMIC OUTLOOK (WEO) UPDATE: October 2020)

Global growth is projected at:

- -4.4% in 2020
- 5.2% in 2021

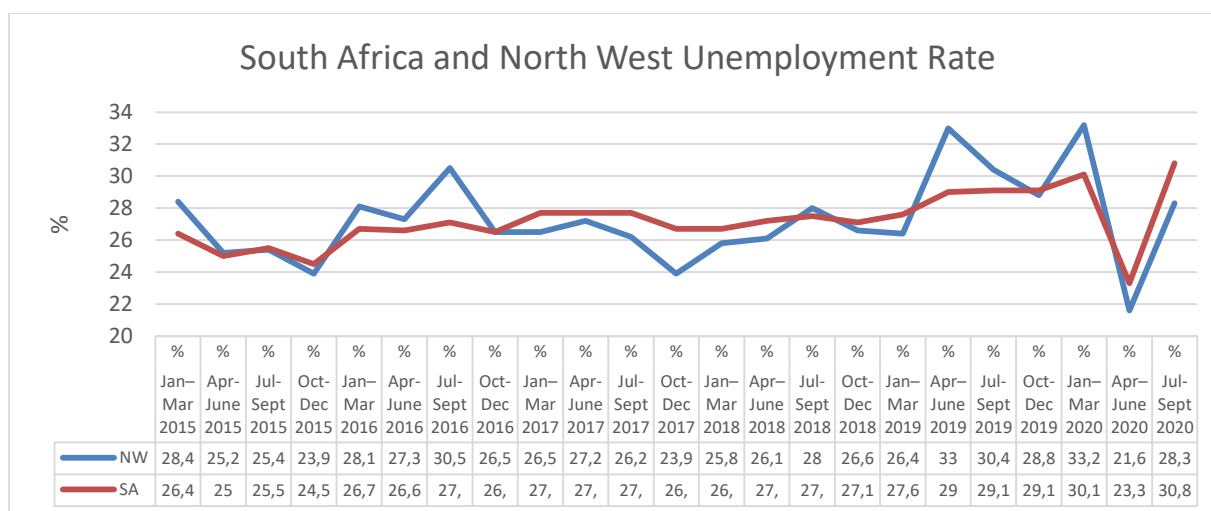
Figure 1: Overview of the Key World Economic Outlook Growth and Projections



4.3.2 South African Economy

- The population of South Africa increased from 54 million in mid-2014 to 59.62 million in mid-2020. When comparing the population growth rate with the GDP growth rate of South Africa it is clear that the population is growing at a faster rate than the economy which will lower income per capita and result in a poorer population.
- The Reserve Bank's GDP forecast for 2021 is at 4%; it is 4.5% for 2022. The forecast for 2023 is 4.6%.
- CPI remains within the 3%-6% target of the Reserve Bank with an average of 3.3% for 2020.
- SA repo rate, as at 21 January 2021 remained unchanged at 3.5% which will lighten the burden on consumers.

Figure 2: Unemployment rate for South Africa and the North West Province



The following structural transformation in the economy is considered necessary:

- Rise in agricultural sector productivity;
- Labour shift from low-productive agricultural sector to higher productive manufacturing sector;
- Poverty levels drop, income distribution improves;
- Country production base broadens;
- Worker income increases;
- Stronger links with manufacturing;
- Skills development; and
- Economic diversification into high tech manufacturing and services

4.3.3 Overview of the North West Province economy

The NW region:

- Covers approximately 104 882 square kilometres, comprising 8.6% of the national area.
- Not densely populated when compared to the national population density.
- Houses approximately 4,1m people, 7,0% of the country's total population of which nearly 44,6% are in the Bojanala District.

The table below summarises the *key demographic and socio-economic characteristics* of the NWP and its four district municipalities in context of the South African picture as per the 2019 IHS Markit Regional eXplorer Indicators.

Table 11: Key indicators South Africa, North West Province and District Municipalities (2019)

KEY INDICATORS: South Africa, North West Province and NW District Municipalities (2019)							
(Source: IHS Markit: Regional eXplorer 1923 (2.6i) October 2020)							
	Indicator	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
Size of Area	(km ²)	1 221 246	104 882	18 333	28 114	43 764	14 671
	% Share of Region		8,6%	17,5%	26,8%	41,7%	14,0%
Demographic	Total population	58 985 395	4 141 939	1 848 133	961 960	522 406	809 441
	% Share of Region		7,0%	44,6%	23,2%	12,6%	19,5%
	Population Growth rate (%) 2019	1,5%	1,7%	1,9%	1,6%	1,5%	1,6%
Labour	Number of EAP, official definition	22 824 610	1 390 252	635 470	316 021	152 055	286 706
	EAP as % of total population, official definition	38,7%	33,6%	34,4%	32,9%	29,1%	35,4%
	Unemployment rate, official definition (%)	28,2%	28,8%	34,5%	19,0%	20,8%	31,3%
Income & Expenditure: Personal Income							
	Annual per capita income (Rand, current prices)	60 821	54 137	64 319	41 358	37 031	57 117
	Annual per household income (Rand, current prices)	210 514	178 251	197 168	148 396	132 147	192 168
Economic: Gross Domestic Product by Region (GDP-R)							
	Gross Domestic Product - GDP (Current prices (R 1000))	5 077 625 041	304 422 579	159 818 397	59 055 048	23 033 984	62 515 150
	% Share of SA	100,0%	6,0%	52,5%	19,4%	7,6%	20,5%
	Gross Domestic Product - GDP Constant 2010 prices (R 1000))	3 149 337 036	171 278 105	88 515 583	34 409 025	13 331 106	35 022 390
	% Share of SA	100,0%	5,4%	51,7%	20,1%	7,8%	20,4%
	Indicator	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
Tourism							
	Total Tourism Spend (R 1000, Current prices)	273 158 377	12 524 130	7 343 069	2 072 154	859 884	2 249 023

KEY INDICATORS: South Africa, North West Province and NW District Municipalities (2019)							
	Total Tourism spend as % of GDP (Current prices) (2019)	5,4%	4,1%	4,6%	3,5%	3,7%	3,6%
	Growth in Tourism (using bed nights) by origin 2018	0,9%	1,2%	2,1%	0,1%	-1,0%	0,9%
International Trade							
	Exports as % of GDP	25,7%	34,0%	62,4%	2,7%	3,2%	2,3%
	Total trade as % of GDP	50,6%	36,0%	64,4%	3,1%	4,0%	6,4%

- Improvement in the Human Development Index (HDI) currently at 0.63 up 0.52 in 2009.
- Concerning is the number and percentage of people below the food poverty line (Statssa defined), currently measured at 29,4%.
- The Index of Buying Power has also increased, (IHS Markit Regional eXplorer's Index of Buying Power (IBP)) indicates that 6% of the country's spending power is located in the NWP.
- Income levels are below the national average (which is to be expected for the more rural areas in South Africa).
- The unemployment rate was slightly higher than that of the national average in 2019.
- Share of approximately 6.0% of national employment.

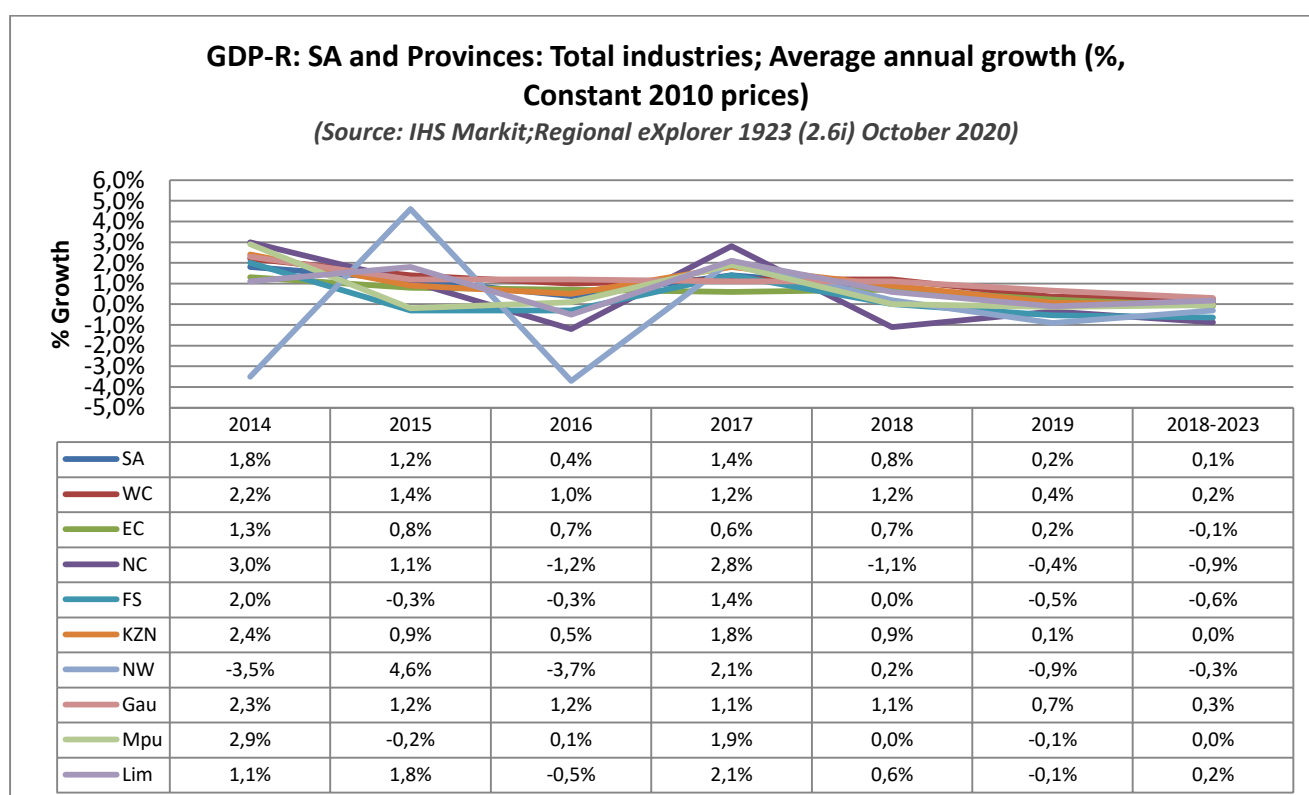
Table 12: North West Sector Contributions to GVA-R (Current Prices) and Employment in 2018

<i>(Source: IHS Markit; Regional eXplorer 1692 (2.6f) May 2019)</i>		Sector Contribution to GVA-R Current Prices (2018)	Sector Contribution to Employment (2018)	Growth in GVA-R 2008-2018 %	Jobs created or lost from 2008 to 2018 %	Jobs created or lost from 2008 to 2018 number
Primary Sector	Agriculture	2,8%	6,9%	77,6%	-1,0%	-531
	Mining	32,5%	17,7%	90,1%	-27,2%	-48 120
Secondary Sector	Manufacturing	5,1%	6,1%	73,3%	-12,0%	-7 325
	Electricity	3,9%	0,5%	425,2%	53,4%	1 352
	Construction	2,5%	5,9%	42,1%	55,5%	23 250
Tertiary Sector	Trade	11,6%	16,8%	118,0%	19,3%	28 985
	Transport	6,8%	1,8%	99,4%	28,0%	6 042
	Finance	13,6%	11,1%	123,2%	24,8%	18 319
	Community Services	21,6%	22,9%	129,2%	46,4%	62 657
	Household		10,1%		-11,8%	-9 843

<i>(Source: IHS Markit; Regional eXplorer 1692 (2.6f) May 2019)</i>	Sector Contribution to GVA-R Current Prices (2018)	Sector Contribution to Employment (2018)	Growth in GVA-R 2008-2018 %	Jobs created or lost from 2008 to 2018 %	Jobs created or lost from 2008 to 2018 number
TOTAL	R258bn	872 038	107,6%	9,4%	74 786
As % of National GDP	5,94%	5,40%			

- The 2018 Gini coefficient indicates that the level of equality is decreasing from 0.60 in 2009 to 0.61 in 2019.
- The Tress index provides insight into the level of concentration (or diversification) within an economic region.
- The economy is the second most concentrated provincial economy after the Eastern Cape, and the Bojanala District has the highest concentrated economy due to the dominance of mining.
- The GVA-R Average annual growth (Constant 2010 Prices compared to the National performance and other provinces) is very erratic.
- In the graph below the average annual growth of the North West Province is compared to the national growth figures and that of other provinces. It becomes clear that the North West Province's growth is more volatile which can be attributed to the heavy reliance on mining.

Figure 3: Average Annual Growth South Africa and Provinces



- The provincial economy is structurally unbalanced with the primary and tertiary sectors

contributing more towards GDP-R and growing faster than the secondary sector.

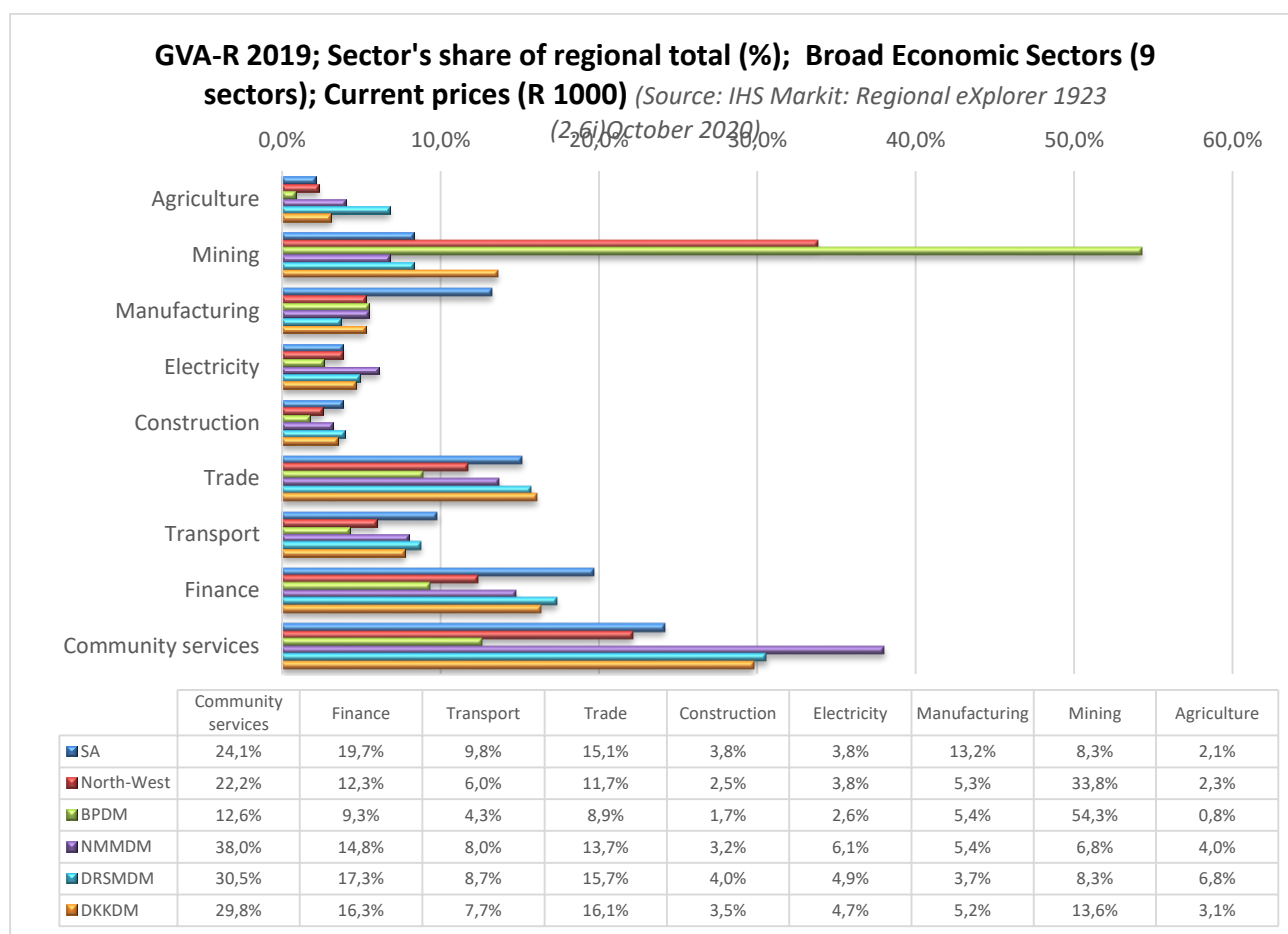
- Limited water and electricity supply.
- Well-developed electricity distribution network due to mining activities
- Poor state of infrastructure
- Shortage of skilled labourers and rigid regulatory and legislative policies.
- High economic leakages and a dislocation of supply and demand across a number of industries. This has resulted in input and output activities between industries not operating in tandem, minimising the competitiveness of the province.
- Bordering Botswana, the NWP is ideally positioned to access the fourteen countries comprising the Southern African Development Community (SADC) and the development of the proposed Trans-Kalahari corridor will enhance North West Province access to the West African market.
- The North West Province's well-developed road and rail links provide the platform and infrastructure for ground transportation deep into sub-Saharan Africa.
- The SADC Foreign Trade Agreement (FTA) signed in August 2008 provides access to a market of over 250 million consumers.
- Future FTA with SADC, Common Market for Eastern and Southern Africa (COMESA) and East African Community (EAC) will provide access to a market of over 700 million consumers.
- Offers easily available skills and distribution channels imperative for agricultural commercial ventures.
- Plays a significant role in the supply of energy, transport and communications to the continent.
- Well positioned to a shared services hub for investors interested in African operations, especially for Sub-Saharan countries.

Table 13: Sectoral Contribution by Province (% of provincial GVA current prices), 2019

	South Africa	Western Cape	Eastern Cape	Northern Cape	Free State	KwaZulu-Natal	North West	Gauteng	Mpumalanga	Limpopo
Agriculture	2,1%	3,4%	1,5%	6,0%	5,0%	3,3%	2,3%	0,4%	2,5%	2,5%
Mining	8,3%	0,3%	0,1%	23,3%	10,7%	1,5%	33,8%	3,0%	23,7%	29,0%
Manufacturing	13,2%	15,5%	13,3%	3,7%	10,8%	17,4%	5,3%	14,9%	13,5%	2,5%
Electricity	3,8%	2,9%	2,7%	4,4%	4,2%	4,0%	3,8%	3,4%	7,5%	4,4%
Construction	3,8%	5,2%	3,9%	3,0%	2,7%	4,0%	2,5%	3,9%	3,1%	2,9%
Trade	15,1%	17,5%	19,8%	10,2%	14,6%	15,7%	11,7%	14,0%	14,9%	15,1%
Transport	9,8%	10,8%	8,8%	11,2%	10,5%	13,2%	6,0%	10,1%	6,9%	5,0%
Finance	19,7%	25,6%	18,1%	13,9%	16,2%	17,3%	12,3%	23,7%	11,0%	14,9%
Community services	24,1%	18,8%	31,7%	24,1%	25,4%	23,6%	22,2%	26,5%	17,0%	23,7%
Total Industries	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

(Source: IHS Markit: Regional eXplorer 1923 (2.6i) October 2020)

Figure 4: Sector share contribution to the economy of the North West Province



4.3.4 Location Quotient of the North West Province and key industries

The location quotient indicates the comparative advantage over other regional economies if it can more efficiently produce the same goods. The location quotient is one way of measuring this comparative advantage by taking into account production and employment.

Table 14: Location quotients ≥ 1.1 (highlighted in yellow) by broad economic sector in the NWP (2019)

Location Quotient 2019 (Source: IHS Markit: Regional eXplorer 1923 (2.6i) October 2020)									
	Agriculture	Mining	Manufacturing	Electricity	Construction	Trade	Transport	Finance	Community Services
NW	1,10	4,06	0,40	1,00	0,67	0,77	0,61	0,63	0,92
District Municipalities									
BPDM	0,40	6,52	0,41	0,68	0,46	0,59	0,44	0,47	0,52
NMMDM	1,89	0,82	0,41	1,59	0,84	0,90	0,82	0,75	1,58
DRSMDM	3,20	1,00	0,28	1,28	1,04	1,04	0,89	0,88	1,27
DKKDM	1,46	1,64	0,40	1,22	0,92	1,06	0,79	0,83	1,23
Local Municipalities									
BPDM									
Moretele	0,32	0,28	0,80	2,39	0,92	1,21	0,88	1,12	1,03
Madibeng	0,67	4,05	0,74	0,76	0,68	0,80	0,67	0,62	0,77
Rustenburg	0,18	9,39	0,15	0,26	0,22	0,30	0,21	0,27	0,24
Kgetlengrivier	0,40	9,33	0,14	0,20	0,26	0,30	0,27	0,21	0,27
Moses Kotane	0,31	6,10	0,16	1,38	0,43	0,75	0,33	0,52	0,61
NMMDM									
Ratlou	2,47	0,98	0,25	0,72	0,92	0,83	0,77	0,73	1,76
Tswaing	6,31	0,63	0,42	0,56	0,95	0,94	0,87	0,55	1,51
Mahikeng	0,79	0,39	0,27	1,69	0,77	0,91	0,81	0,87	1,79
Ditsobotla	2,73	1,24	0,82	0,60	1,02	0,89	1,02	0,69	1,24
Ramotshere Moiloa	1,31	1,36	0,36	3,69	0,68	0,94	0,60	0,62	1,34
DRSMDM									
Naledi	3,44	0,41	0,29	0,90	0,88	1,34	1,17	1,10	1,05
Mamusa	4,66	0,96	0,22	1,31	1,51	1,14	0,78	1,00	0,99
Greater Taung	1,04	1,65	0,17	2,12	0,86	0,81	0,72	0,87	1,41
Lekwa-Teemane	4,23	0,62	0,69	0,70	1,27	1,11	0,97	0,73	1,19
Kagisano/Molopo	4,43	1,23	0,16	1,04	1,07	0,78	0,76	0,60	1,63
DKKDM									
City of Matlosana	0,51	2,30	0,31	1,07	0,87	1,12	0,84	0,87	1,07
Maquassi Hills	5,75	1,33	0,41	0,50	1,33	1,03	0,78	0,65	1,17
JB Marks (Tlokwe/Ventersdorp)	2,19	0,71	0,51	1,54	0,94	0,98	0,71	0,80	1,48

4.3.5 North West Trade

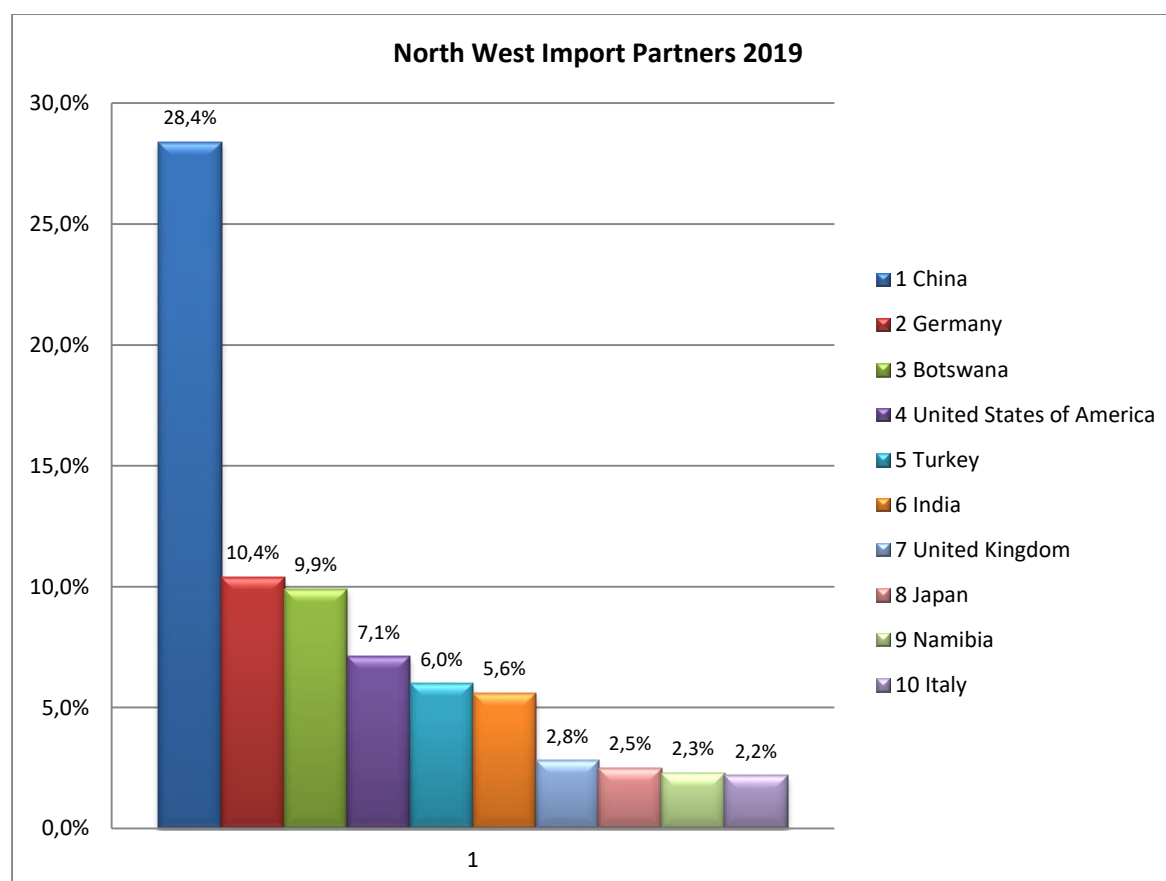
Compared to 2017, North West exports increased from approximately R24bn to approximately R103bn representing 36% of the GDP of the North West province, compared to 8.9% in 2017. Imports remained at about R6b. R88.7bn of the exports where from

Rustenburg and R10.9bn from Madibeng. The two municipalities contribute 99% of exports of the North West province.

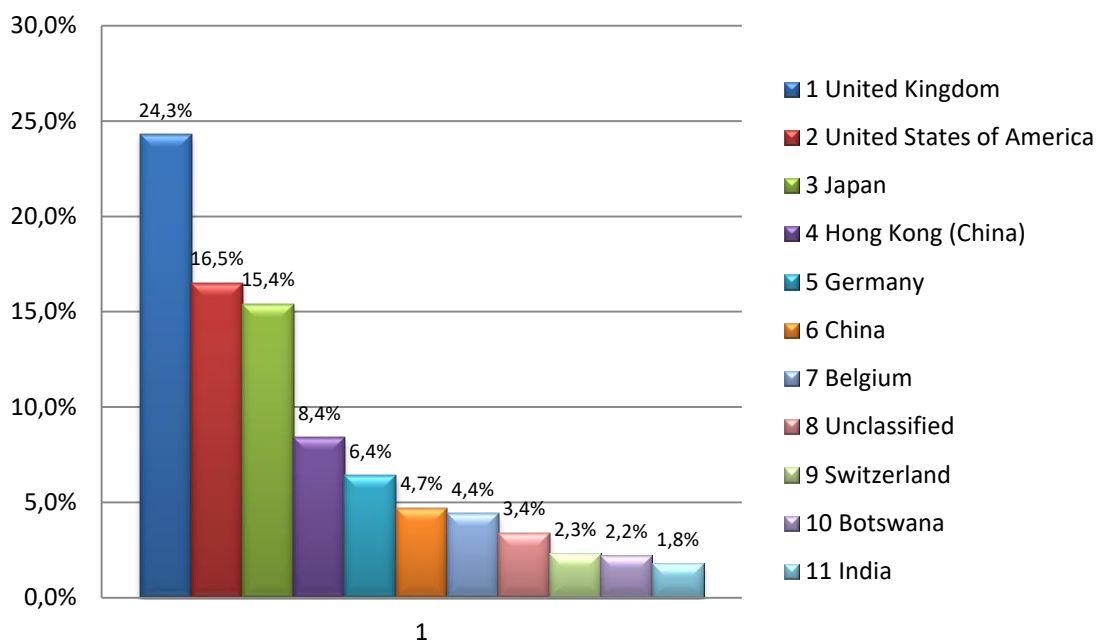
Table 15: North West trade values

NORTH WEST TRADE			
<i>Source: IHS Markit; Regional eXplorer 1692 (2.6f) Apr 2019</i>			
	South Africa	North West Province	North West as a % of South Africa
Exports Value (ZAR):	1 303 144 999	103 472 583	7.94%
Imports Value (ZAR):	1 263 823 998	6 237 964	0.49%

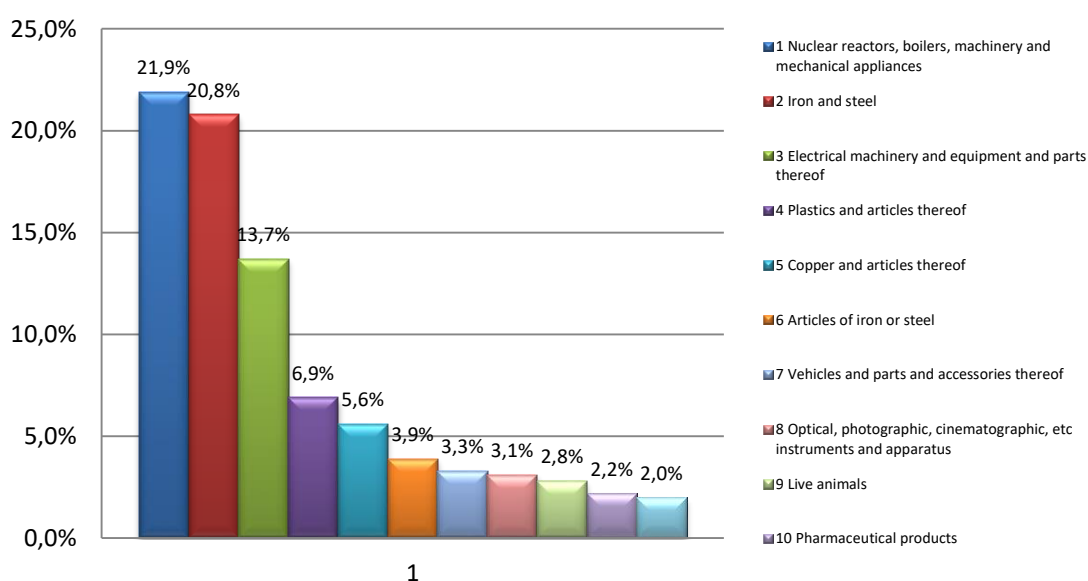
Figure 5: Key import and export graphs

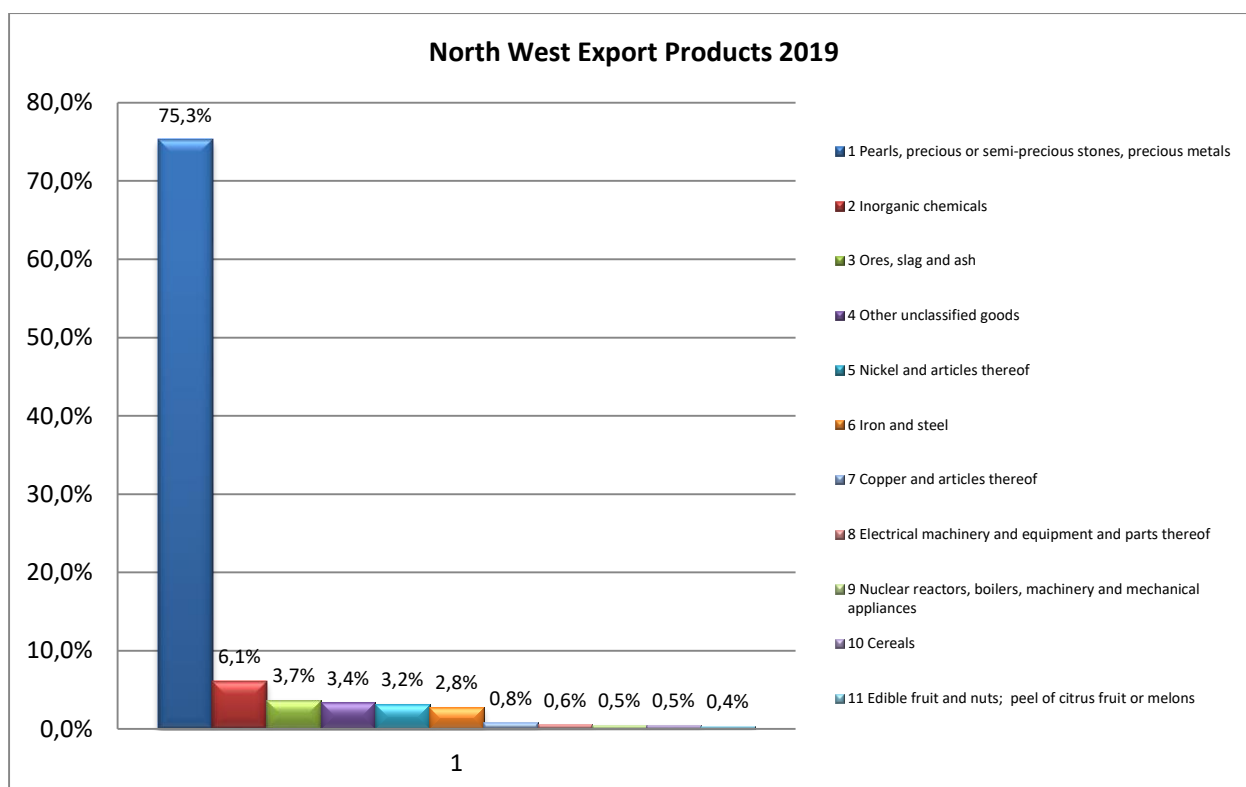


North West Export Partners 2019



North West Import Products 2019





The information above indicates the competitive and comparative strengths of the North West economy as well as considers the external economic environment in which NWDC operates.

4.3.6 2020 Special Edition of the Global Competitiveness Report

Out of 140 economies South Africa ranked 60th in 2019, 67th in 2018 and 62nd in 2017.

The 2020 special edition of The Global Competitiveness Report (GCR) series considers a very difficult and uncertain historical moment. The outbreak of the Covid-19 pandemic has led to a global health crisis and deep economic recession—deeper than the downturn during the 2008–2009 financial crisis —and has also created a climate of profound uncertainty about the future outlook.

Consequently there are growing calls for “building back better”. The situation calls for innovative and much-needed shifts in policy, focusing on the priorities for recovery and revival, and considering the building blocks of a transformation towards new economic systems that combine “productivity”, “people” and “planet” targets to lead to environmental sustainability and shared prosperity.

Based on analyses of historical trends on factors of competitiveness as well as the latest thinking on future priorities, recommendations are made against three timelines: before the health crisis; beyond immediate responses to the Covid-19 crisis, revival over the next 1-2 years; and priorities and policies needed to reboot economic systems in the longer run to achieve sustainable and inclusive prosperity in the future, transformation over the next 3-5 years.

Recommendations and timeframes are grouped into four broad areas of action:

- Reviving and transforming the enabling environment,
- Reviving and transforming human capital,
- Reviving and transforming markets, and
- Reviving and transforming the innovation ecosystem.

Based on the assessment of business leaders, it was economic digitisation and digital skills; safety nets and financial soundness; governance and planning; and health system and research capacity, that have contributed to countries' resilience to the health crisis.

An initial assessment of countries on their readiness for transformation is also provided that converts key priorities into quantitative measures for 37 economies. (Please note that South Africa is included in the group of 37 economies that are more developed.)

South Africa's transformation readiness scores in 11 categories (0-100 best) is as follows:

	INDICATOR DESCRIPTION	SA SCORE	SA RANK
1.	Ensure public institutions embed strong governance principles. Build a long-term vision and establish trust by serving their citizens	53.9	26
2.	Upgrade infrastructure to accelerate the energy transition and broaden access to electricity and ICT	63.8	35
3.	Shift to more progressive taxation, rethinking how corporations, wealth and labour are taxed, nationally and in an international cooperative framework.	65.2	1
4.	Update education curricula and expand investment in the skills needed for jobs in markets of tomorrow.	42.6	31
5.	Rethink labour laws and social protection for the new economy and the new needs of the workforce	42.9	36
6.	Expand eldercare, childcare and healthcare infrastructure and innovation for the benefit of people and the economy	Not available	37
7.	Increase incentives to direct financial resources towards long-term investments, strengthen stability and expand inclusion	38.6	35
8.	Rethink competition and anti-trust frameworks needed in the Fourth Industrial Revolution, ensuring market access, both locally and internationally	58.3	28
9.	Facilitate the creation of "markets of tomorrow", especially in areas that require public-private collaboration	35.6	35
10.	Incentivise and expand patient investments in research, innovation and invention that can create new "markets of tomorrow"	31.7	33
11.	Incentivise firms to embrace diversity, equity and inclusion to enhance creativity	61.5	19

4.3.7 Framework of fundamental economic guiding principles: A policy agenda towards sustainable economic development

To enable stakeholders to move towards more sustainable economic development, there are many elements that are required or must be considered. They may include:

- Clustering;
- Linkages with local suppliers of goods and services;
- Skills and human resources development;
- Access to finance and investment;
- Institutional framework and mainstreaming of ACT in national policies;
- Promotion and marketing;
- Protection and conservation of cultural heritage.

4.3.8 Policy Guidelines relevant to the NWDC

Given the economic growth forecasts, key demographic and socio-economic characteristics and the current economic and structural realities in the North West, the NWPG has an important role to play. It is to set the framework for growth and to outline the necessary actions to stimulate growth in areas such as innovation, research and development, skills, education, exports, FDI and entrepreneurship. This also means identifying and supporting business growth in areas where there is the greatest potential. All this, whilst ensuring that the necessary economic infrastructure is in place to capitalise on the existing strengths and opportunities.

The NWDC Group identified the following key and cross-cutting sectors, based on the renewed focus in the NWP.

Key economic sectors include:

- Agriculture and agro-processing
- Tourism
- Mineral beneficiation
- Manufacturing
- Green economy
- ICT

Cross-cutting sectors include:

- Small and medium enterprise (SME)
- International trade
- Innovation and R&D
- Business process outsourcing (BPO)

4.3.9 Geographical Economy - Spatial Economic Growth Context and Challenges

- Poor degree of connection to urban centres because of insufficient public transport infrastructure.
- 70% of South Africa's rural population live at least two kilometres away from an all-season road.

- Rail and roads need upgrading and expansion to cope with the increasing volume of passenger and goods transport.
- Access to high-quality communication services and technologies, infrastructure and content remains largely limited to the privileged few.
- Only 2% of households in rural areas had access to fixed-line internet infrastructure compared to 9.2% in urban and 16.2% in metropolitan areas in 2013.
- The spatial framework relying on an abstract design approach, and centred on the use of nodes and corridors, became a standard form of planning in South Africa. The Maputo Development Corridor (MDC) was launched in 1996 and represents the first regional corridor initiative in Southern Africa. The corridor aimed at increasing trade between and along its starting points in the Gauteng province and the Maputo harbour in Mozambique. It involves investment in roads, railways and ports.
- Smart specialisation is about placing greater emphasis on innovation and having an innovation-driven development strategy in place that focuses on each area's strengths and competitive advantage. It aims to identify factors of competitiveness and to concentrate resources on key priorities. It also aims to harness area diversity by avoiding uniformity and duplication in investment goals. It combines goal-setting with a dynamic and entrepreneurial discovery process involving key stakeholders from government, community leaders, representatives of business, academia and other knowledge-creating institutions.

Part D

Strategic Goals, Objectives and Performance Information

In this section the short to medium-term term objectives are provided on a per-programme basis, with reference also given to the strategic objective(s) to which the programmes relate. At the time of consultation, Covid-19 was declared as a national state of emergency leading to some expectation of a reduced performance with regard to some of the objectives' indicators. The impacts of this pandemic are likely to be severe and wide-ranging. The general approach of the NWDC will be to monitor the impact of the pandemic and other external factors closely and respond where required.

5) STRATEGIC GOALS: LONG TERM

The overarching Strategic Outcome-Oriented Goal of the NWDC is **improved economic growth**.

The North West Development Group has adopted the following Strategic Objectives for the next five years:

Table 16: NWDC Strategic Objectives

Strategic Objective 1:	Maintain the going concern of the NWDC Group by achieving sustainability ratios annually		
Possible Risk Factors	Inherent Risk Rating	Mitigation/ Remedial Action	Residual Risk Rating
Going concern or liquidity (failure to pay our creditors)	High	To create cash reserves equivalent to 1% of total assets	Medium
Potential revenue loss on assets outside NWP	High	<ul style="list-style-type: none"> Disposal of the market value 	Medium
Failure of internal controls Systems	Medium	<ul style="list-style-type: none"> Annual reviews and compilation and updating of relevant policies and procedures and other legislated registers (SCM, Risk, etc.) Develop Company Standard Procedure Manual Appointment of Compliance Officer as per the approved structure 	Medium
Poor rental collections in respect of tenants	High	<ul style="list-style-type: none"> Enhance lease agreements Enhance the application requirements Review the organisational structure Debt recovery 	Medium

Possible Risk Factors	Inherent Risk Rating	Mitigation/ Remedial Action	Residual Risk Rating
Poor repayment collections in respect of loans	High	<ul style="list-style-type: none"> Strengthen loan agreements Enhance the assessment phase of the application process (proper due diligence) Render effective aftercare services to clients 	Medium

Strategic Objective 2:

Contribute annually to the economic growth and transformation of the NWP through multiplying initiatives

Possible Risk Factors	Inherent Risk Rating	Mitigation/ Remedial Action	Residual Risk Rating
Failure of projects due to lack of funding and/or financing	High	<ul style="list-style-type: none"> Implementation of Funding Strategy 	Low
Major project failure (reputational risk)	Medium	<ul style="list-style-type: none"> Follow due processes in project development and implementation of Project Management Policy Stakeholder Management Enforce implementation of Project Management Policy 	Medium
Failure of the economic transformation programme	High	<ul style="list-style-type: none"> Obtain economic statistics Develop funding model Develop and monitor the economic transformation implementation plan 	Medium

Strategic Objective 3:

Ensure consistent improvement in the quality of services rendered by the NWDC Group measured annually.

Possible Risk Factors	Inherent Risk Rating	Mitigation/ Remedial Action	Residual Risk Rating
Lack of pro-active and effective communication across the organisation	High	<ul style="list-style-type: none"> Acquisition and customisation of Sharepoint software as per the organisation's communication requirements Utilise Survey Monkey for customer satisfaction (internal and external) Enhance internal communication between business units through structure standard-based 	Medium

Possible Risk Factors	Inherent Risk Rating	Mitigation/ Remedial Action	Residual Risk Rating
		discussions and cascaded accountability. • Inter departmental meetings with dedicated items relating to cross-cutting goals and work requirements. • Customer-relations training	
Inability to meet Shareholder and Stakeholders' expectations	High	• Enforcement of the implementation of Shareholder and Stakeholder engagement • Filling of vacant executive positions	Medium

6) OBJECTIVES

Given some of the challenges and weaknesses outlined above and emphasis on the strategic priority of sustaining NWDC as a going concern, a systematic review of the programmes is required within the first quarter of the financial year. In addition to those objectives and targets provided below, this should include for each programme:

- Strategic stakeholder engagement related to the programme implementation.
- Refined business cases in line with the strategic focus on profitability of the organisation as a whole (ensuring value for money in continuing with the programme).
- Potential benefits above and beyond financial gains (in line with developmental priorities).
- Resources available and required; with resource gaps (financial, human, equipment) defined.
- Identification and updating of strategic and operational risk matrices per project and programme.
- Additional performance measurement criteria to be monitored, including risk mitigation procedures and other measures based on the above.

The above shall be reviewed by relevant governance structures to ensure progress towards the programme and strategic objectives.

6.1 Key Performance Indicators and Targets for 2021/2022

Programme 1:	Property Development & Management
Purpose of the Programme:	To optimise the development and management of the property portfolio
Strategic Objective applicable:	Ensure consistent improvement in the quality of services rendered by the NWDC Group measured annually.
Considerations and concerns	<p>The property and development portfolio is the main revenue stream for NWDC.</p> <p>Weaknesses and risks identified within the SWOT analysis point towards an underperformance of the portfolio and a need for structured review of the value-add of various properties. This requires continued focus to ensure sustainability of the organisation. Divestment of loss-making or unprofitable properties needs to be reviewed through a structured analysis and reporting thereof, together with ensuring tenant payments through improved contract management and eviction of non-payers.</p> <p>Targets provided may be optimistic given Covid-19 and other factors. Partnerships in new developments will become a key area of focus going forward.</p>

Table 17: Performance Indicators and Annual Targets for Programme 1

Programme Number	Programme Performance Indicators	Audited/Actual Performance			Estimated Performance	Medium Term Targets		
		2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
1.1	Value of current rental collected	-	R123,28m	R121,873m	R96m	R125m	R130m	R135m
1.2	Number of SMMEs provided with working space/(property)	New	New	New	New	20	30	40
1.3	Number of Black Industrialists in the NWDC premises	New	New	New	New	10	20	30
1.4	Number of Majority Black Owned Businesses in the NWDC premises	New	New	New	New	30	50	70
1.5	Number of Youth Owned Businesses in the NWDC premises	New	New	New	New	15	30	40
1.6	Number of Women Owned Businesses in the NWDC premises	New	New	New	New	20	40	60
1.7	Number of PDP Owned Businesses in the NWDC premises	New	New	New	New	5	7	10

Programme Number	Programme Performance Indicators	Audited/Actual Performance			Estimated Performance	Medium Term Targets		
		2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
1.8	Number of jobs sustained at the NWDC properties	New	New	New	New	5500	6500	7500

Table 18: Quarterly Targets for Programme 1

Programme Number	Programme Performance Indicator	Reporting Period	Annual Target 2021/2022	Quarterly Targets			
				1 st	2 nd	3 rd	4 th
1.1	Value of current rental collected	Monthly	R125m	R31,250m	R31,250m	R31,250m	R31,250m
1.2	Number of SMMEs provided with working space/(property)	Quarterly	20	5	5	5	5
1.3	Number of Black Industrialists in the NWDC premises	Quarterly	10	2	3	3	2
1.4	Number of Majority Black Owned Businesses in the NWDC premises	Quarterly	40	10	10	10	10
1.5	Number of Youth Owned Businesses in the NWDC premises	Quarterly	20	5	5	5	5
1.6	Number of Women Owned Businesses in the NWDC premises	Quarterly	20	5	5	5	5
1.7	Number of PDP Owned Businesses in the NWDC premises	Quarterly	5	2	1	1	1
1.8	Number of jobs sustained at the NWDC properties	Quarterly	5500	1000	1500	1500	1500

Programme 2:	Bojanala Special Economic Zone (SEZ)
Purpose of the Programme:	To build commercial industrial infrastructure and attract new investment into the SEZ
Strategic Objective applicable:	Contribute annually to the economic growth and transformation of the NWP by multiplying initiatives

Considerations and concerns

There are high-level concerns as to the stagnation of the project and value this programme adds to the NWDC purpose and of the real role that the NWDC can play in this project compared to national entities such as the dtic. There are also conceptual challenges and a need to review the sectors (e.g. mining) in which investments and developments have been proposed as these are currently in decline.

Table 19: Performance Indicators and Annual Targets for Programme 2

Programme Number	Programme Performance Indicators	Audited/Actual Performance			Estimated Performance	Medium Term Targets		
		2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2022/2023
2.1	Value of investment attracted into the SEZ	-	-	-	New	R250m	R400m	R500m
2.2	Value of equity stake acquired in new investments into the SEZ	New	New	New	New	R50m	R80m	R100m
2.3	Number of SMMEs supported to locate into the SEZ	New	New	New	New	5	10	15
2.4	Number of jobs to be created in infrastructure development within the SEZ	New	New	New	New	80	100	120

Table 20: Quarterly Targets for Programme 2

Programme Number	Programme Performance Indicator	Reporting Period	Annual Target 2021/2022	Quarterly Targets			
				1 st	2 nd	3 rd	4 th
2.1	Value of investment attracted into the SEZ	Annually	R250m	-	R50m	R150m	R50m
2.2	Value of equity stake acquired in new investments into the SEZ	Annually	R50m	-	R10m	R30m	R10m
2.3	Number of SMMEs supported to locate into the SEZ	Annually	5	-	1	3	1
2.4	Number of jobs to be created in infrastructure development within the SEZ	Annually	80	20	20	40	-

Programme 3: SMME Development & Management

Purpose of the Programme: To develop sustainable enterprises

Strategic Objective applicable: Contribute annually to the economic growth and transformation of the NWP through multiplying initiatives

Considerations and concerns:

This programme remains relevant to the purpose of the NWDC and is important to the wealth and job creation of the Province. Funding mechanisms for this programme need to be considered further given the risk status of recipients and provisions made by the Shareholder. Possible ring-fencing or other mechanisms to isolate budgets to ensure sustainability of the programme needs to be considered, particularly with regard to reporting as a Schedule 3D entity. Innovation in supporting SMMEs through preferential buying mechanisms, securing off-take agreements through government procurement, and potential equity stakes in supported SMMEs as a potential revenue stream, should also be considered. Ensuring export readiness should be a focus to align with Programme 4.

Table 21: Performance Indicators and Annual Targets for Programme 3

Programme Number	Programme Performance Indicators	Audited/Actual Performance			Estimated Performance	Medium Term Targets		
		2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
3.1	Value of collections on SMME debt book	-	R2,926m	R2,696m	R1m	R1.5m	R2m	R2m
3.2	Number of SMMEs supported	New	New	New	New	1500	1750	2000
3.3	Number of jobs created through procurement opportunities	New	New	New	New	1200	1500	1800
3.4	Number of jobs created through lease agreements	New	New	New	New	2500	3000	3500
3.5	Number of jobs created through market linkages	New	New	New	New	50	65	70
3.6	Number of People with Disabilities owned businesses supported	New	New	New	New	20	30	40
3.7	Number of Youth owned businesses supported	New	New	New	New	300	400	500
3.8	Number of Women owned businesses supported	New	New	New	New	300	400	500

Table 22: Quarterly Targets for Programme 3

Programme Number	Programme Performance Indicator	Reporting Period	Annual Target 2021/2022	Quarterly Targets			
				1 st	2 nd	3 rd	4 th
3.1	Value of collections on SMME debt book	Quarterly	R1.5m	R375k	R375k	R375k	R375k
3.2	Number of SMMEs supported	Quarterly	1 500	150	450	450	450
3.3	Number of jobs created through procurement opportunities	Quarterly	1 200	150	350	350	350
3.4	Number of jobs created through lease agreements	Quarterly	2 500	100	800	800	800

Programme Number	Programme Performance Indicator	Reporting Period	Annual Target 2021/2022	Quarterly Targets			
				1 st	2 nd	3 rd	4 th
3.5	Number of jobs created through market linkages	Quarterly	50	0	0	25	25
3.6	Number of People with Disabilities owned businesses supported	Quarterly	20	5	5	5	5
3.7	Number of Youth owned businesses supported	Quarterly	300	50	100	100	50
3.8	Number of Women owned businesses supported	Quarterly	300	50	100	100	50

Programme 4: Trade & Investment	
Purpose of the Programme:	To attract foreign and local direct investments into the NWP, promote exports and facilitate market access for local businesses
Strategic Objective applicable:	Contribute annually to the economic growth and transformation of the NWP through multiplying initiatives
Considerations and concerns:	<p>This programme is core to the NWDC mandate and is important for the economic expansion of the province. The current Covid-19 pandemic has imposed difficult conditions on to the unit which requires a business unusually approach to achieve the set objectives.</p> <p>A more robust, integrated approach to Trade and Investment facilitation is required in terms of funding mechanisms, value-chain creations, after-care support for key market players (SMMs), stakeholder alignment (removing duplication of effort and streamlining province-wide planning and implementation and engagement with other DFIs), ensuring export readiness (quality and quantity) and prioritising key sectors. Challenges in accessing relevant databases and funding, needs to be interrogated urgently. Effective linkages through entities such as Invest South Africa are required. Rather than just facilitating key investment opportunities in the province the new approach looks at how NWDC can participate in key projects to derive income to fund the operations of the company. NWDC is therefore looking at securing shareholding in the key strategic projects it is facilitating.</p>

Table 23: Performance Indicators and Annual Targets for Programme 4

Programme Number	Programme Performance Indicators	Audited/Actual Performance			Estimated Performance	Medium Term Targets		
		2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
4.1	Value of successful investment projects facilitated into the NWP	-	-	R30,452m	R50m	R60m	R70m	R100m
4.2	Number of jobs to be created with facilitated investments	New	New	New	New	100	120	300
4.3	Number of significant strategic shareholdings secured	New	New	New	New	2	3	4
4.4	Number of Black Industrialists assisted to secure funding	New	New	New	New	2	3	4

Table 24: Quarterly Targets for Programme 4

Programme Number	Programme Performance Indicator	Reporting Period	Annual Target 2021/2022	Quarterly Targets			
				1 st	2 nd	3 rd	4 th
4.1	Value of successful investment projects facilitated into the NWP	Annually	R60m	0	0	0	R60m
4.2	Number of jobs to be created with facilitated investments	Annually	100	0	0	0	100
4.3	Number of significant strategic shareholdings secured	Annually	2	0	0	0	2
4.4	Number of Black Industrialists assisted to secure funding	Annually	2	0	0	0	2

Programme 5: Economic Programme Management	
Purpose of the Programme:	To facilitate and implement projects
Strategic Objective applicable:	Contribute annually to the economic growth and transformation of the NWP through multiplying initiatives
Considerations and concerns:	There are serious concerns as to the value-add this programme provides to the NWDC owing to the fact that there are limitations (and subsequent risks) as to which aspects of the programme are under the control of the NWDC. A historical review of projects managed through this programme and the value that was created, is required to inform a decision on how best to manage the programme or potentially relocate or revise the business model and implementation approach.

Table 25: Performance Indicators and Annual Targets for Programme 5

Programme Number	Programme Performance Indicators	Audited/Actual Performance			Estimated Performance	Medium Term Targets		
		2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
5.1	Number of own special projects established	9	5	6	2	3	4	4
5.2	Number of jobs created through own projects established	New	New	New	New	800	1 500	2 000
5.3	Number of external projects managed	New	New	New	New	2	4	4

Table 26: Quarterly Targets for Programme 5

Programme Number	Programme Performance Indicator	Reporting Period	Annual Target 2021/2022	Quarterly Targets			
				1 st	2 nd	3 rd	4 th
5.1	Number of own special projects established	Quarterly	3	0	1	1	1
5.2	Number of jobs created through own projects established	Quarterly	800	0	200	200	400
5.3	Number of external projects managed	Annually	2	0	1	0	1

Programme 6: Administration and Governance	
Purpose of the Programme:	To provide administrative leadership to the NWDC in accordance with relevant legislations, regulations and policies and ensures appropriate support service to all programmes
Strategic Objective applicable:	Ensure consistent improvement in the quality of services rendered by the NWDC Group measured annually
Considerations and concerns:	<p>Serious concerns were raised on the audit of compliance with legislation as set out in the AGSA Audit Opinion 2019/2020 which indicated:</p> <ul style="list-style-type: none"> Financial statements were not submitted for auditing within the prescribed period after the end of the financial year, as required by Section 55(1)(c)(i) of the PFMA. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by Section 55(1)(a) and (b) of the PFMA. Effective and appropriate steps were not taken to prevent irregular, fruitless and wasteful expenditure. The lack of oversight responsibility regarding financial management, the monitoring of compliance and the institutionalisation of related internal controls. Management did not design and implement internal controls to ensure the reliability of financial reporting, the effectiveness and efficiency of operations, and compliance with applicable legislation. The audit action plan was not adequate to address prior year audit findings. The lack of ability to install good governance principles within the entity.

Table 26: Performance Indicators and Annual Targets for Programme 6

Programme Number	Programme Performance Indicators	Audited/Actual Performance			Estimated Performance	Medium Term Targets		
		2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
6.1	Percentage implementation of board resolutions	New	New	New	New	100%	100%	100%
6.2	Percentage reduction of Audit findings in the Post Audit Action Plan (PAAP)	New	New	New	New	50%	75%	80%
6.3	Compliance with legislative prescripts	New	New	New	New	100%	100%	100%
6.4	Percentage reduction of Irregular Expenditure	New	New	New	New	50%	100%	100%
6.5	Percentage of Top 50 arrear rental matters concluded	New	New	New	New	50%	75%	100%
6.6	Perform skills audit	New	New	New	New	1	1	1

Table 27: Quarterly Targets for Programme 6

Programme Number	Programme Performance Indicator	Reporting Period	Annual Target 2021/2022	Quarterly Targets			
				1 st	2 nd	3 rd	4 th
6.1	Percentage implementation of board resolutions	Quarterly	100%	100%	100%	100%	100%
6.2	Percentage reduction of Audit findings in the Post Audit Action Plan (PAAP)	Annually	50%	-	50%	-	-
6.3	Compliance with legislative prescripts	Quarterly	100%	100%	100%	100%	100%
6.4	Percentage reduction of Irregular Expenditure	Quarterly	100%	50%	50%	50%	50%
6.5	Percentage of Top 50 arrear rental matters concluded	Annually	50%	-	-	-	50%
6.6	Perform skills audit	Annually	1	1	-	-	-

6.2 Technical Descriptions for Key Performance Indicators 2021/2022

Table 29: Technical Descriptions for Key Performance Indicators for All Programmes

Programme 1: Property Development & Management

#	Key Performance Indicator	Objective	Drivers	Method of Calculation	Reporting Cycle	Calculation Type	Type of Indicator
1.1	Value of current rental collected	To ensure rental is collected for all occupied units	Regional Property Managers	Simple Count: Total value of rental collected calculated according to the NWDC General Ledger Evidence: General Ledger drawn into excel spreadsheet for calculation purposes	Quarterly	Cumulative	Output
1.2	Number of SMMEs provided with working space/(property)	To support SMMEs	Regional Property Managers	Simple Count: Total number of SMMEs provided with working space/ (Property) Evidence: Excel spreadsheet with consolidated information and Client Enquiry Forms	Quarterly	Cumulative	Output
1.3	Number of Black Industrialists in the NWDC premises	To support Black Industrialists	Regional Property Managers	Simple Count: Total number of of Black industrialist in the NWDC premises Evidence: Excel spreadsheet with consolidated information and Client Enquiry Forms	Quarterly	Cumulative	Output
1.4	Number of Majority Black Owned Businesses in the NWDC premises	To support Black Owned Businesses	Regional Property Managers	Simple Count: Total number of of Black Owned businesses in the NWDC premises Evidence: Excel spreadsheet with consolidated information and Client Enquiry Forms	Quarterly	Cumulative	Output
1.5	Number of Youth Owned Businesses in the NWDC premises	To support Youth in business	Regional Property Managers	Simple Count: Total number of of Youth owned businesses in the NWDC premises	Quarterly	Cumulative	Output

#	Key Performance Indicator	Objective	Drivers	Method of Calculation	Reporting Cycle	Calculation Type	Type of Indicator
				Evidence: Excel spreadsheet with consolidated information and Client Enquiry Forms			
1.6	Number of Women Owned Businesses in the NWDC premises	To support Women in business	Regional Property Managers	Simple Count: Total number of of Women owned businesses in the NWDC premises Evidence: Excel spreadsheet with consolidated information and Client Enquiry Forms	Quarterly	Cumulative	Output
1.7	Number of PDP Owned Businesses in the NWDC premises	To support Peoples with Disabilities in business	Regional Property Managers	Simple Count: Total number of People with Disabilities owned businesses in the NWDC premises Evidence: Excel spreadsheet with consolidated information and Client Enquiry Forms	Quarterly	Cumulative	Output
1.8	Number of jobs sustained at the NWDC properties	To ensure jobs are sustained in the NWP	Regional Property Managers	Simple Count: Total number of jobs sustained at the NWDC properties Evidence: Excel spreadsheet with consolidated information and Client Enquiry Forms	Quarterly	Cumulative	Output

Programme 2: Bojanala Special Economic Zone (SEZ)

#	Key Performance Indicator	Objective	Drivers	Method of Calculation	Reporting Cycle	Calculation Type	Type of Indicator
2.1	Value of investment attracted into the SEZ	To attract new investment into the economy of the NWP	SEZ Project Manager	Simple Count: Total value of investment attracted into the SEZ Evidence: Letter of Confirmation of value of investment into the SEZ	Annually	Cumulative	Output

#	Key Performance Indicator	Objective	Drivers	Method of Calculation	Reporting Cycle	Calculation Type	Type of Indicator
2.2	Value of equity stake acquired in new investments into the SEZ	To attract new investment into the economy of the NWP	SEZ Project Manager	Simple Count: Total value of equity stake acquired in new investments into the SEZ Evidence: Signed Memorandum of Agreement/Understanding	Annually	Cumulative	Output
2.3	Number of SMMEs supported to locate into the SEZ	To attract new investment into the economy of the NWP	SEZ Project Manager	Simple Count: Total number of SMMEs supported to locate into the SEZ Evidence: Signed Memorandum of Agreement/Understanding and/or Lease Agreement	Annually	Cumulative	Output
2.4	Number of jobs to be created in infrastructure development within the SEZ	To attract new investment into the economy of the NWP	SEZ Project Manager	Simple Count: Total number jobs created in infrastructure development within the SEZ Evidence: Register of Employees contracted and/or employment within the specific contract	Annually	Cumulative	Output

Programme 3: SMME Development & Management

#	Key Performance Indicator	Objective	Drivers	Method of Calculation	Reporting Cycle	Calculation Type	Type of Indicator
3.1	Value of collections on SMME debt book	To ensure that clients repay their loans	SMME Executive Manager	Simple Count: Total amount recovered from collections Evidence: Bank Statement	Quarterly	Cumulative	Output
3.2	Number of SMMEs supported	To support SMMEs	SMME Executive Manager	Simple Count: Total number of SMMEs supported Evidence: Excel spreadsheet with consolidated information and Client Enquiry Forms	Quarterly	Cumulative	Output

#	Key Performance Indicator	Objective	Drivers	Method of Calculation	Reporting Cycle	Calculation Type	Type of Indicator
3.3	Number of jobs created through procurement opportunities	To ensure job creation in the North West Province	SMME Executive Manager	Simple Count: Total number of jobs created through procurement opportunities Evidence: Excel spreadsheet with consolidated information and Client Enquiry Forms	Quarterly	Cumulative	Output
3.4	Number of jobs created through lease agreements	To ensure job creation in the North West Province	SMME Executive Manager	Simple Count: Total number of jobs created through lease agreements Evidence: Excel spreadsheet with consolidated information and Client Enquiry Forms	Quarterly	Cumulative	Output
3.5	Number of jobs created through market linkages	To ensure job creation in the North West Province	SMME Executive Manager	Simple Count: Total number of jobs created through market linkages Evidence: Excel spreadsheet with consolidated information and Client Enquiry Forms	Quarterly	Cumulative	Output
3.6	Number of People with Disabilities owned businesses supported	To support People with Disabilities in business	SMME Executive Manager	Simple Count: Total number of People with Disabilities owns businesses supported Evidence: Excel spreadsheet with consolidated information and Client Enquiry Forms	Quarterly	Cumulative	Output
3.7	Number of Youth owned businesses supported	To support Youth in business	SMME Executive Manager	Simple Count: Total number of Youth owned businesses supported Evidence: Excel spreadsheet with consolidated information and Client Enquiry Forms	Quarterly	Cumulative	Output
3.8	Number of Women owned businesses supported	To support Women in business	SMME Executive Manager	Simple Count: Total number of Women owned businesses supported Evidence: Excel spreadsheet with consolidated information and Client Enquiry Forms	Quarterly	Cumulative	Output

Programme 4: Trade & Investment Facilitation

#	Key Performance Indicator	Objective	Drivers	Method of Calculation	Reporting Cycle	Calculation Type	Type of Indicator
4.1	Value of successful investment projects facilitated into the North West Province	To facilitate investment into the North West Province	Trade & Investment Facilitation Manager	Simple Count: Total investment values committed through commitment or confirmation letters added up together to calculate value of successful investment projects facilitated into the NWP EVIDENCE: Commitment and/or Confirmation Letter, Business Plan and Feasibility Study	Annually	Cumulative	Output
4.2	Number of jobs to be created with facilitated investments	To facilitate job creation in the North West Province	Trade & Investment Facilitation Manager	Simple Count: Total number of direct jobs created as per the funded business plan and the confirmation letter of promoter EVIDENCE: Funded Business Plan and Confirmation Letter of Promoter	Annually	Cumulative	Output
4.3	Number of significant strategic shareholdings secured	To facilitate participation of the North West Province in key strategic projects	Trade & Investment Facilitation Manager	Simple Count: Total number of transactions the North West Province participates in as per the approved transactions by the Shareholder EVIDENCE: Approval Letter and/or Instruction Letter and/or Resolution from the Shareholder	Annually	Cumulative	Output
4.4	Number of Black Industrialists assisted to secure funding	To facilitate participation of the North West Province in key strategic projects	Trade & investment Facilitation Manager	Simple Count: Total number of Black Industrialists assisted to secure funding EVIDENCE: Proof of funding secured for the Black industrialists from Financial Institution and/or Funder	Annually	Cumulative	Output

Programme 5: Economic Programme Management

#	Key Performance Indicator	Objective	Drivers	Method of Calculation	Reporting Cycle	Calculation Type	Type of Indicator
5.1	Number of own special projects established	To maximise revenue generation	Economic Programme Management	Simple Count: Total number of Board approved own projects established EVIDENCE: Board approved Concept Document	Quarterly	Cumulative	Output
5.2	Number of jobs created through own projects established	To contribute towards improvement of livelihoods	Economic Programme Management	Simple Count: Total number of jobs created through establishment of own projects EVIDENCE: Board approved Concept Document indicating HR/Resource Plan	Quarterly	Cumulative	Output
5.3	Number of external projects managed	To improve stakeholder relationships	Economic Programme Management	Simple Count: Total number of external projects managed EVIDENCE: Board approved Service Level Agreement	Annually	Cumulative	Output

Programme 6: Administration & Governance

#	Key Performance Indicator	Objective	Drivers	Method of Calculation	Reporting Cycle	Calculation Type	Type of Indicator
6.1	Percentage implementation of board resolutions	To improve good corporate governance	Chief Executive Officer	Simple count: Number of Board Resolutions taken during previous quarter MINUS Number of Board Resolutions implemented during next quarter FORMULA: (Resolutions taken (previous quarter) minus Resolutions implemented (current quarter) divide by resolutions taken = % Board Resolutions implemented) EVIDENCE: Board Resolution Register	Quarterly	Non-Cumulative	Output

#	Key Performance Indicator	Objective	Drivers	Method of Calculation	Reporting Cycle	Calculation Type	Type of Indicator
6.2	Percentage reduction of Audit findings in the Post Audit Action Plan (PAAP)	To ensure effective and efficient financial management	Chief Financial Officer and/or Finance Manager	<p>Simple count: Number of audit findings contained in the Management Report of prior year same period MINUS Number of audit findings contained in the Management Report of current year same period</p> <p>FORMULA: (Current year number of audit findings minus prior year number of audit findings divided by prior year number of audit findings = % reduction/increase)</p> <p>EVIDENCE: AGSA Management Report (Current and Prior Years)</p>	Quarterly	Non-Cumulative	Output
6.3	Compliance with legislative prescripts	To ensure compliance with all relevant legislations, regulations and policies	Chief Executive Officer	<p>Refer to paragraph 1.4 in the Corporate Plan</p> <p>Monitoring the compliance with the Annual Legislative Prescripts Framework as approved by the Board of Directors</p> <p>FORMULA: Percentage achievement of the legislative prescripts due for submission/compliance, during the prescribed time (therefore, submission/compliance should be timeously done to ensure achievement of submission/compliance)</p> <p>EVIDENCE: Documents described as portfolio of evidence in the Annual Legislative Prescripts Framework</p>	Quarterly	Non-Cumulative	Output
6.4	Percentage reduction of Irregular Expenditure	To ensure compliance with all relevant legislations,	Chief Financial Officer	<p>FORMULA: Current Irregular Expenditure balance minus prior year Irregular Expenditure balance divide by prior year Irregular Expenditure balance</p>	Annually	Non-cumulative	Output

#	Key Performance Indicator	Objective	Drivers	Method of Calculation	Reporting Cycle	Calculation Type	Type of Indicator
		regulations and policies		EVIDENCE: Irregular Expenditure Registers (Current and Prior Year)			
6.4	Percentage reduction of Irregular Expenditure	To ensure compliance with all relevant legislations, regulations and policies	Chief Financial Officer	FORMULA: 50% reduction of Irregular Expenditure EVIDENCE: No information received from the Acting CFO	Annually	Non-cumulative	Output
6.5	Percentage of Top 50 arrear rental matters concluded	To ensure finalisation of long outstanding litigation matters	Legal Manager	FORMULA: Percentage achievement of the top 50 litigation matters EVIDENCE: Top 50 litigation matters database and related document on a case-by-case basis as prescribed in the note below Note: Conclusion of litigation may include: collection of debt, approved written-off proposal, closure of file due to debt that prescribed, claim against liquidated company, and judgment by court	Annually	Non-cumulative	Output
6.6	Perform skills audit	To ensure effective and efficient HR management	HR Manager	EVIDENCE: Skills Matrix drafted and approved by the Board	Annually	Non-cumulative	Output

6.3 Historic Performance (non-financial) of the North West Development Corporation

During the annual audits, the AGSA performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. Further procedures were performed to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

2019/2020: The Auditor-General SA did not identify any material findings on the usefulness and reliability of the reported performance information for **Programme 1: Property Development and Management**.

2018/2019: The Auditor-General SA did not identify any material findings on the usefulness and reliability of the reported performance information on **any of the selected programmes of the Entity**.

2017/2018: The Auditor-General SA did not identify any material findings on the usefulness and reliability of the reported performance information on **Programme 2: Operations**.

6.4 Reflecting on MTSF 2019-2024 Priorities

The Medium Term Strategic Framework (MTSF) is a five-year plan of government that is intended to implement the electoral mandate and National Development Plan Vision (NDP) 2030. The NDP is our vision leading to 2030. It calls all of us to work together to deal with poverty, unemployment and inequality. The MTSF 2019-2024 will be implemented through the joint efforts of government, the private sector and civil society.

Cross-cutting focus areas: The NDP Vision 2030 prioritises the significant role of women, youth and people with disabilities in our society. If these three groups are strong, our whole society will be strong. These are cross-cutting focus areas that need to be mainstreamed into all elements of South Africa's developmental future and all programmes of government. They will inform interventions across the three pillars.

Key targeted milestones include:

- Economic Growth: Growth rate of 2-3% by 2024;
- Unemployment and jobs: Reduce unemployment from 27.9% to 20% to 24% by 2024;
- Inequality: Lower South Africa's income Gini Coefficient from 0.68 to 0.66 by 2024;
- Poverty: Reducing poverty from 39.8% to 28% by 2024.

The NWDC has aligned its strategy to the (MTSF). In its focus on these priorities, and their elaboration into seven priorities and associated activities and targets.

Table 30: The 2019-Priorities, Correlating NDP Chapters and Relevance to the NWDC

Outcome	Subject	Correlating NDP Chapter	Relevance to NWDC
Priority 1: <i>A capable, ethical and developmental state</i>	An efficient, effective and development-oriented public service	Chapters 13 and 14	NWDC (Strategic Objective 1) Ensure the sustainability of the NWDC
Priority2: <i>Economic transformation and job creation</i>	<ul style="list-style-type: none"> • Decent employment through inclusive growth • An efficient, competitive and responsive economic infrastructure network • Protect and enhance our environmental assets and natural resources 	Chapters 3, 4 and 5	<ul style="list-style-type: none"> • NWDC Mandate • NWDC Properties • Ensure that projects have RODs on Environmental Impact Assessments (EIAs) • Ensure Energy Efficiency of all properties • Facilitate investment in Renewable Energy • Reduce, reuse and recycle
Priority 3: <i>Education, skills and health</i>	A skilled and capable workforce to support an inclusive growth path	Chapters 9 and 13	NWDC Values
Priority 5: <i>Spatial integration, human settlements and local government</i>	Vibrant, equitable, sustainable rural communities contributing towards food security for all	Chapter 6	Projects
Priority 7: <i>A better Africa and world</i>	Create a better South Africa and contribute to a better Africa and a better world	Chapter 7	Destination Marketing and Exports (Trade and Investment promotion)

The NWDC aims to implement key programmes and to provide support for the development of key sectors of the economy in line with the conventional economic and industrial policies of the Province. NWDC furthermore aims to grow the cooperatives economy, trade and investment facilitation and increased strategic economic infrastructure. NWDC aims to be the cornerstone of promoting trade, attracting investment, and ensuring economic growth and transformation in the North West Province.

The desired outcome for the NWDC is to contribute towards the growth and transformation of the economy by positioning the North West Province as a competitor in investment attraction in both the SADC Region and the rest of the globe.

6.5 Linking of Priorities of Programmes between the Department of Economic Development, Environment, Conservation and Tourism and the North West Development Corporation

The NWDC's strategic thrust is to drive an inclusive strategy towards economic growth and transformation in the NWP in line with the provincial priorities. This is done through industrial development interventions, property development and management, funding

facilitation for SMMEs to create sustainable enterprises and trade and investment promotion and attraction. The below table reflects the linkage between the Programmes of DEDECT and the NWDC.

Table 31: Linkage of Priorities of Programmes between DEDECT and the NWDC

Programme DEDECT	Purpose of Programme	NWDC Response
Programme 3: Trade and Sector Development	To unlock and stimulate economic growth and job creation that is inclusive in the NWP	Programme 2: Bojanala Special Economic Zone Programme 3: SMME Development and Management Programme 4: Trade and Investment Facilitation Programme 5: Economic Programme Management
Programme 5: Economic Planning	To lead integrated provincial economic planning through evidence based research	Programme 4: Trade and Investment Facilitation Programme 5: Economic Programme Management Research and Innovation Unit
Programme 7: Tourism	To create an enabling legislative and regulatory policy and strategy environment for tourism development and growth	Programme 1: Property Development and Management (Christiana All Seasons Resort and the Mmabatho Convention Centre)

Annexure A

Risk Management Strategy

Risk management is the process of identifying, assessing and controlling threats to an organisation's capital and earnings. These threats, or risks, could stem from a wide variety of sources, including financial uncertainty, legal liabilities, strategic management errors, accidents and natural disasters. IT security threats and data-related risks, and the risk management strategies to alleviate them, have become a top priority for digitised companies. By implementing a risk management plan and considering the various potential risks or events before they occur, an organisation can save money and protect their future. Furthermore, strong corporate governance principles that focus specifically on risk management can help a company reach their goals.

1) RISK MANAGEMENT

1.1 Risk Appetite & Tolerance Statements

The risks arising from the NWDC Group mandate can be significant. These risks are managed through detailed processes that emphasise among others, the importance of public accountability, maintaining high quality staff, and integrity. The success of the NWDC Group is thus dependent upon the amount and type of risk that it is willing to take in order to meet its strategic objectives – this includes both the organisation's risk appetite and risk tolerance.

Risk appetite is focussed on the pursuit of risk and the parameters that the organisation must employ in deciding whether or not to take on the risk.

Risk tolerance defines or quantifies the maximum amount of risk that the organisation is technically able to accept.

Risk Appetite Statement - The overall responsibility for overseeing the management of risks, compliance with the organisation's risk management framework and the agreed risk appetite of the group lies with the Board. The Board's attitude towards and appetite for risk are communicated to the group's businesses through the strategic planning process. In determining its risk appetite, the Board recognises that a prudent and robust approach to risk mitigation must be carefully balanced with a degree of flexibility so that the entrepreneurial spirit which has contributed to the attainment of the company's strategic objectives is not inhibited.

The NWDC Group has an overall conservative risk appetite.

The Risk Appetite Statement establishes risk tolerance in the following seven (7) categories:

Table: Risk Tolerance Levels

#	Risk Category	Definition	Risk Appetite
1	Strategic Risks	The risk that the organisation's strategy selection, prioritisation, adaptation and implementation will jeopardise the achievement of NWDC Group's goals and objectives	Medium
2	Operational Risks	The risk that people, processes, systems, or external events will impede the NWDC Group's ability to meet its objectives	Medium
3	Project Risks	The risk that external factors will play a role whether a project will be successful or not	Medium
4	Financial Risks	The risk that the NWDC Group's financial resources will be vastly impaired because of reduction in assets under its control or management, inefficient resource utilisation, or increasing expenditures, thus adversely impacting on the ability of the NWDC Group to successfully complete its mission	Low
5	Fraud Risks	The risk that the NWDC Group will not take all allegations of suspected fraud or corruption seriously or respond fully and fairly as set out in the Whistle Blowers Policy leading to deficiencies in its reputation	Low
6	Reputational Risks	The risk that negative perception will jeopardise the NWDC Group's credibility, achievement of its mission and strategic objectives, or ability to maintain the agency as a preeminent bank regulator	Medium
7	Compliance Risks	The risk that the NWDC Group will have gaps in critical functions to fulfil its obligations under applicable law and regulations. (E.g. appetite for deliberate or purposeful violations of legislative or regulatory requirements. Identified breaches of compliance must be remedied as soon as practicable)	Medium

Table: Summary of the process in response to the identified and rated risks

Event magnitude	Event acceptability	Risk Profile	Proposed actions
Maximum risk (Material and/or immediate threat exceeding risk appetite)	Unacceptable	If the risk profile falls in this area, the organisation will be in breach of risk tolerance	Take action to reduce the risk with highest priority, i.e. Executive Management to bring to the attention of the Chief Executive Officer and the Board of Directors
High risk (Threat to exceed the risk appetite)	Unacceptable	If risk profile falls in this area, the organisation will be in breach of risk appetite but within risk tolerance	Take action to reduce the risk with highest priority, i.e. bring to attention of Executive Management. (Discretion in involving the Chief Executive Officer will be dictated by the event)
Low risk (No threat to exceed the risk appetite)	Acceptable	If risk profile falls in this area, the organisation will be within risk appetite	Take action to reduce the risk, i.e. inform Senior Management
Minimum risk (No threat to exceed the risk appetite)	Acceptable	If risk profile falls in this area, the organisation will be within risk appetite	No risk reduction required. Simply control, monitor and inform Management

1.2 The Risk Management Plan

The Public Finance Management Act (PFMA) assigns extensive responsibilities to the Accounting Authority. These responsibilities include ensuring the entity under its control has effective, efficient and transparent systems of financial and risk management and internal control. In order to assist the Accounting Authority in discharging these responsibilities, the Chief Executive Officer and the management team acknowledges and accepts the responsibility for maintaining a sound system of internal control. Management is fully committed to an effective risk management system and function in the organisation and to ensure that strategic objectives are met and that risks are managed to an acceptable level, creating value for all stakeholders.

NWDC Group's operations shall therefore be governed by a risk framework through which risks are identified and pro-actively managed in accordance with agreed risk tolerance levels. NWDC Group will further ensure that such a risk framework exists, outlining identification, assessment, management, monitoring and reporting of risks. Awareness and understanding of the risk framework will be established at all the appropriate levels of the organisation to establish a company-wide culture of risk management being everyone's responsibility.

Effective risk management therefore aims to ensure that the NWDC Group achieves its objectives by minimising negative outcomes and optimising opportunities. Implicit in the objectives is that:

- Risk management does not only focus on managing downside risks. It further assists in identifying opportunities and ensures that the risks involved in these opportunities are appropriately managed;
- The implementation of internal control needs to carefully consider the costs and benefits, i.e. the cost of control should always be measured against the potential loss should the risk occur; and
- A major component of risk management is the establishment of a fraud prevention plan. Managing the risk of fraud and corruption entails the development, implementation and maintenance of cost effective internal controls.

The Risk Management implementation Plan tabulated below thus describes how the Risk Management Strategy of the NWDC is to be implemented during the coming financial year.

Table: Risk Management Implementation Plan

Phase Number	Phase Description	Objective/Outcome	Deadlines/Timeframe	Responsible Person/s
1	Promote a risk management culture in the organisation	Review and update the Risk Management Framework	Q1 of 2021/2022	Risk Manager
		Provision of Risk Management Training to role players	Q2 of 2021/2022	Risk Manager
		Inclusion of Risk Management Framework in the induction and orientation programme of new employees	Effective from 1 April 2018	HR Manager

Phase Number	Phase Description	Objective/Outcome	Deadlines/ Timeframe	Responsible Person/s
		Inclusion of Risk Management as a standing item on the Management meeting agenda	Effective from 1 April 2018	Accounting Officer
		Incorporate Risk Management responsibilities into performance contracts	Q1 of 2021/2022	HR Manager
		Standard Operating Procedures must incorporate risk factors	Q1 of 2021/2022	Executive Managers
2	Risk Identification & Assessment	Introduce Incident Registers for each division or section	Effective from 1 April 2018	Risk Owners
		Identification and assessment of all enterprise risks including emerging risks	Q1 of 2021/2022	Risk Officers
		Implement an integrated Risk Management computerised system or tool	Q1 of 2021/2022	Risk Manager
3	Risk Mitigation Plans	Develop risk mitigation plans, assigning responsibilities and timeframes for implementation	Q1 of 2021/2022	Risk Officers
		Implement the risk mitigation plans	Q1 of 2021/2022	Risk Owners
4	Risk Monitoring	Regular progress reports on the mitigation of risks by Managers/ Management	Quarterly	Risk Owners
		Internal audit to provide assurance on the effectiveness of Enterprise Risk Management	Quarterly	Internal Audit
		Audit & Risk Committee to monitor the implementation of action plans and hold responsible parties accountable	Quarterly	Audit & Risk Committee

Table: The Top 10 Risks identified for the 2021/2022 financial year:

Risk No.	Strategic Objectives	Short Description of Risk	Performance Indicator	Programme	INHERENT RISK (Rating)	Existing Controls (Yes/No) If Yes, Name The Controls	RESIDUAL RISK (Rating)	Level Acceptable Yes/No	Target Risk Level (High/Medium/Low)	Mitigating Plans (Please refer to Performance Indicators)
1	Maintain the going concern of the NWDC Group by achieving sustainability ratios annually	Going concern and liquidity. Liabilities will exceed the assets in the short term.	Percentage increase of net surplus	Property Development & Management	Maximum	No	Maximum	No	Medium (if more funds can become available, the risk can be reduced to low)	Turnaround Strategy aimed at business continuity and monitored on a quarterly basis.
2			Number of rental stock converted into housing loans	Property Development & Management	Maximum	No	Maximum	No	Medium	<ul style="list-style-type: none"> Approved Home Loan Policy and system Implementation of the housing finance programme by second quarter.
3			Percentage increase of net surplus	Tourism	Maximum	No	Maximum	No	Low	Transfer the entity to the Tourism Board with effect from 1 April 2021
4			Percentage achievement of the approved post audit action plans	Administration and Governance	Maximum	No	Maximum	No	Low	<ul style="list-style-type: none"> Implementation of PAAP Board approval of a debt write off as per legislative guidelines.
5	Contribute annually to the GDP economic growth and transformation of the NWP through multiplying initial investments	Lack of economic growth and transformation policy.	Number of Economic Growth and Transformation Policies	* Economic Programme Management * SEZ * Property Development & Management	Maximum	No	Maximum	No	Medium	Presentation of a draft Economic growth and transformation Policy by end of first quarter of 2021/2022 financial year

Risk No.	Strategic Objectives	Short Description of Risk	Performance Indicator	Programme	INHERENT RISK (Rating)	Existing Controls (Yes/No) If Yes, Name The Controls	RESIDUAL RISK (Rating)	Level Acceptable Yes/No	Target Risk Level (High/Medium/Low)	Mitigating Plans (Please refer to Performance Indicators)
6		Lack of funds for Research	Number of approved cooperation agreements between NWDC and DEDECT Policy and Planning.	Administration and Governance	Maximum	No	Maximum	No	Low	Approved cooperation agreement/s between NWDC and DEDECT Policy and Planning within the first quarter of 2021/2022 financial year
7		Lack of Aftercare Services	Number of established aftercare units in NWDC	*Trade & Investment Facilitation *SMME	Maximum	No	Maximum	No	Low	Establishment of Aftercare units within NWDC by the end of second quarter of 2021/2022 financial year, subject to the GTAC report on duplicating of functions at DEDECT
8		Inability to refuse mandates that hinders achievement of planned targets	Number of planned performance targets achieved	Administration and Governance	Maximum	No	Maximum	No	Low	Signed Shareholder Compact at the commencement of the financial year that includes budget, performance information, stakeholder management, etc.
9	Ensure consistent improvement in the quality of services rendered by the NWDC Group measured annually.	Lack of pro-active and effective communication across the organisation.	Number of stakeholder satisfaction research reports	Administration and Governance	Maximum	No	Maximum	No	Low	Quarterly Customer Service Survey External and a Staff Satisfaction survey Internal
10			Number of updated and approved strategies and policies	Administration and Governance	Maximum	Yes (Current NWDC policies)	High	No	Low	Number of updated and approved strategies and policies not later than the first quarter of 2021/2022 financial year

1.3 Risk Appetite and Tolerance for All Programmes 2021/2022

Table: Risk Tolerance for All Programmes

	KPIs	Annual Target 2021/2022	Negligible (1)	Significant (2)	Major (3)	Critical (4)	Catastrophic (5)
1.1	Value of current rental collected	R125m	R120m-R125m	R115m-R119m	R110m-R114m	R105m-R109m	Below R105m
1.2	Number of SMMEs provided with working space/(property)	20	18	16	14	12	Below 12
1.3	Number of Black Industrialists in the NWDC premises	10	9	8	7	6	Below 6
1.4	Number of Majority Black Owned Businesses in the NWDC premises	30	27-29	24 - 26	21 - 23	18 - 20	Below 18
1.5	Number of Youth Owned Businesses in the NWDC premises	15	14	12 - 13	10 - 11	9	Below 8
1.6	Number of Women Owned Businesses in the NWDC premises	20	18	16	14	12	Below 12
1.7	Number of PDP Owned Businesses in the NWDC premises	5	4	3	2	1	0
1.8	Number of jobs sustained at the NWDC properties	5500	5300 - 5499	5100 - 5299	4800 - 5099	4500 - 4799	Below 4500
2.1	Value of investment attracted into the SEZ	R250m	R230m -R249m	R210m – R229m	R190m – R209	R170m – R189m	Below R170m
2.2	Value of equity stake acquired in new investments into the SEZ	R50m	R47m -R49m	R44m-R46m	R41m – R43m	R38m – R42m	Below R38m
2.3	Number of SMMEs supported to locate into the SEZ	5	4	3	2	1	0
2.4	Number of jobs to be created in infrastructure development within the SEZ	80	75 - 79	70 - 74	65 - 69	60 - 64	Below 60
3.1	Value of collections on SMME debt book	R1.5m	R1,3m – R1,49m	R1,1m – R1,29m	R0,9m-R1,09m	R0,7m – R0,89m	Below 0,7m
3.2	Number of SMMEs supported	1500	1300 - 1499	1100 - 1299	900 - 1099	700 - 899	Below 700

	KPIs	Annual Target 2021/2022	Negligible (1)	Significant (2)	Major (3)	Critical (4)	Catastrophic (5)
3.3	Number of jobs created through procurement opportunities	1200	1100 - 1199	1000 - 1099	900 - 999	800 - 899	Below 800
3.4	Number of jobs created through lease agreements	2500	2300 - 2499	2100 - 2299	1900 - 2099	1700 - 1899	Below 1700
3.5	Number of jobs created through market linkages	50	48 - 49	46 - 47	44 - 45	42 - 43	Below 42
3.6	Number of People with Disabilities owned businesses supported	20	18	16	14	12	Below 12
3.7	Number of Youth owned businesses supported	300	275 - 299	250 - 274	225 - 249	200 - 224	Below 200
3.8	Number of Women owned businesses supported	300	275 - 299	250 - 274	225 - 249	200 - 224	Below 200
4.1	Value of successful investment projects facilitated into the NWP	R60m	R55m – R59m	R50m – R54m	R45m – R49m	R40m – R44m	Below R40m
4.2	Number of jobs to be created with facilitated investments	100	90 - 99	80 - 89	70 - 79	60 - 69	Below 60
4.3	Number of significant strategic shareholdings secured	2			1		0
4.4	Number of Black Industrialists assisted to secure funding	2			1		0
5.1	Number of own special projects established	3	2	1			0
5.2	Number of jobs created through own projects established	800	750 - 799	700 - 749	650 - 699	600 - 649	Below 600
5.3	Number of external projects managed	2			1		0
6.1	Percentage implementation of board resolutions	100%	95% - 99%	90% - 94%	85% - 89%	80% - 84%	Below 80%
6.2	Percentage reduction of Audit findings in the Post Audit Action Plan (PAAP)	50%	47% - 49%	44% - 46%	41% - 43%	38% - 40%	Below 38%
6.3	Compliance with legislative prescripts	100%	95% - 99%	90% - 94%	85% - 89%	80% - 84%	Below 80%
6.4	Percentage reduction of Irregular Expenditure	50%	47% - 49%	44% - 46%	41% - 43%	38% - 40%	Below 38%
6.5	Percentage of Top 50 arrear rental matters concluded	50%	47% - 49%	44% - 46%	41% - 43%	38% - 40%	Below 38%
6.6	Perform skills audit	1					

1.4 The Fraud Prevention Plan

The NWDC Group commits itself to deterring and preventing fraudulent and corrupt behaviour in the performance of its business. This commitment shall be met by:

- Identifying opportunities for fraud and corruption and implementing prevention procedures in the day to day operations. The procedures will assist management, who are ultimately responsible for the prevention and detection of fraud and corruption, in the deterrence and/or timely detection of both internal and external fraud and corruption opportunities;
- Implementing procedures to investigate all allegations of fraudulent and corrupt behaviour;
- Reacting appropriately to situations where fraud allegations are proven to be true. This may be through reporting to relevant authorities and taking disciplinary action in accordance with the organisation's policies;
- Providing appropriate training and promulgating relevant codes of conduct to ensure employees and stakeholders are aware of their responsibilities in combatting fraud and corruption; and
- Fostering an environment in which fraudulent and corrupt activities are discouraged and completely eliminated.

The NWDC also recognises the debilitating effects of fraud and corruption which extend beyond the loss of cash and other assets, but further result in severe negative repercussions on the ability of the organisation to achieve its objectives. Although difficult to quantify such acts, if left unchecked, fraud and corruption will seriously and adversely have an impact on:

- The quality and effectiveness of service delivery;
- The strength of business relationships with clients, suppliers and the public;
- Employee morale; and
- Reputation and image of the NWDC.

Thus, the overall attitude of NWDC is **Zero Tolerance** to fraud and corruption. In addition, all fraud and corruption transgressions will be investigated by applying all remedies available to the full extent of the law. Furthermore, appropriate internal controls for the prevention and detection of fraud will be instituted to deter future occurrences of such transgressions. All information received relating to fraud and corruption shall be treated with utmost confidentiality and in accordance to the relevant and applicable laws such as the Protected Disclosure Act, as amended.

The following **minimum standards** have been adopted by the NWDC with regard to the different components/areas of the business of the NWDC:

- **Operations:** All operational activities across the organisation must be implemented in a systematic and cost effective manner to prevent fraudulent and corrupt tendencies taking root in the organisation;
- **Investigations:** Any investigation instituted within the organisation must be timely and within the ambit of set company procedures;
- **Awareness:** All employees must be aware of their responsibilities for fraud control and what constitutes acceptable behaviour;

- **Value driven:** All employees are expected to maintain absolute integrity in all their dealings carried out on behalf of the organisation and must accept responsibility and accountability for their actions;
- **Corporate Culture:** Management must demonstrate exceptional focus and attention to fostering an organisational environment where fraudulent and corrupt behaviour will be abhorred while good moral behaviour is continuously promoted and recognised;
- **Protected Disclosures:** Persons and/or organisations that report suspected fraudulent and corrupt activity must be protected from occupational detriment; and
- **Fraud Hotline:** A fraud hotline must be established which any person, including employees, members of the public and stakeholders, can use to report suspected fraud and corruptible relationships, behaviour and activities.

In terms of reporting the incidents of fraud and corruption, all employees who are aware, or should have been reasonably aware of or suspect that theft or fraud or corruption is or was committed, should immediately report the incident to any manager or directly to the **Fraud Hotline** using the toll free number **086 132 3469**. The hotline is completely confidential.

The NWDC has an approved Policy on Prevention of Fraud and Corruption, a draft Whistle Blowers Policy and is currently developing the strategy document. The implementation plan is outlined in the table below:

No	Planned Action	Detailed Action	Outputs
1	Review of: <ul style="list-style-type: none"> • Anti-Fraud & Corruption Fraud Strategy and Fraud implementation Plan • Whistle Blower Policy • Prevention of Fraud & Corruption Policy 	Workshop EXCO and adoption by EXCO	Adoption/ recommendation by the Audit & Risk Committee (ARC)
2	Identify and assess fraud risks	Workshop EXCO and adoption by EXCO	Adoption/ recommendation by the ARC
3	Mitigation Plans for fraud risks	Workshop and adoption by EXCO	Adoption and recommendation by the ARC
		Achievement of mitigation plans	Signed report submitted to Risk Officer/ Risk Manager
4	Fraud awareness	Create awareness among employees through: <ul style="list-style-type: none"> • Flyers • Fraud hotline • Workshops • Newsletter • Circulars • Website 	Certificate of workshop attendance

Annexure B

Financial Plan / Strategy

Financial management refers to the effective and efficient planning, organising, directing and controlling of financial activities, concerned with profitability, expenses, cash and credit so that the organisation may have the means to carry out its objectives as satisfactorily as possible. Financial management is generally concerned with short term working capital management, focusing on current assets and current liabilities.

1) FINANCIAL RESOURCES AND SOURCES OF INCOME

The NWDC Group obtains the bulk of its revenue from property rentals. This represents 69% of the total revenue. Property rental income is generated from commercial, industrial and residential properties. Fifteen percent (15%) of the NWDC's revenue is from the allocation by the provincial government. The remainder of the revenue is from interest, insurance recoveries and venue facilities. These revenue sources are considered sustainable.

The provincial government often requires the NWDC to deliver projects on its behalf. For this purpose administration fees are charged. Examples include the establishment of alternative building materials factories across the province, research on alternative sources of energy, the Gazelles project and establishing bakeries across the province, to name but a few.

Furthermore, the NWDC has a number of subsidiaries with the potential to generate revenue. The subsidiaries are not yet profitable; however, profits are anticipated in future.

1.1 Operating Statement

The following framework is presented for submission by the North West Development Corporation:

Table: The Operating Statement Projected Statement of Financial Performance of the NWDC for the Year ended 31 March 2022

NORTH WEST										
NORTH WEST DEVELOPMENT CORPORATION										
Summary of financial position										
		2017/18	2018/19	2019/20	2020/21			2021/22	2022/23	2023/24
		Audited outcome		Actual outcome	Main budget (Approved)	Adjusted budget (Approved)	Revised estimate	Medium-term estimates		
R thousand										
Revenue										
Tax revenue		128 351	131 732	168 840	202 659	202 659	202 659	141 907	150 421	157 642
Non-tax revenue		86 251	126 183	134 689	158 924	158 924	158 924	52 532	49 189	49 794
Sale of goods and services other than capital assets		44 749	34 909	38 476	19 828	19 828	19 828	13 469	9 990	10 470
Entity revenue other than sales		1 004	11 381	2 212	2 346	2 346	2 346	2 475	2 611	2 736
Transfers received		40 498	79 893	94 001	136 750	136 750	136 750	36 588	36 588	36 588
Sale of capital assets		-	-	-	-	-	-	-	-	-
Financial transactions in assets and liabilities		-	-	-	-	-	-	-	-	-
Other non-tax revenue		-	-	-	-	-	-	-	-	-
Total revenue before deposits into the PRF		214 602	257 915	303 529	361 583	361 583	361 583	194 439	199 610	207 436
Less Deposits into the Provincial Revenue Fund		-	-	-	-	-	-	-	-	-
Total revenue		214 602	257 915	303 529	361 583	361 583	361 583	194 439	199 610	207 436
Expenses										
Current expense		167 613	566 957	277 732	347 313	347 313	347 313	190 387	197 886	207 384
Compensation of employees		77 499	73 847	106 215	112 495	112 495	112 495	80 943	86 244	90 384
Goods and services		89 123	493 110	171 517	234 818	234 818	234 818	109 444	111 642	117 000
Interest on rent and land		991	-	-	-	-	-	-	-	-
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Payments for capital assets		3 881	190	2 833	4 928	4 928	4 928	2 199	1 724	1 807
Payments for financial assets		6 963	7 368	8 764	9 342	9 342	9 342	1 853	-	-
Total expenses		178 457	574 515	289 329	361 583	361 583	361 583	194 439	199 610	209 191
Surplus / (Deficit)		36 145	(316 600)	14 200	-	-	-	-	0	(1 755)

1.2 The Balance Sheet

The balance sheet of the NWDC and its subsidiaries provides a picture of the financial health of the organisation at a given time. The year-end balance sheet is a snapshot of the position of the organisation at the end of its financial year.

Table: Balance Sheet NWDC for the year ended 31 March 2022

Balance Sheet Data							
Carrying Value of Assets		1 090 664	1 090 664	1 090 664	1 702 786	1 702 154	1 701 586
Non- Residential Buildings		19 871	19 871	19 871	19 871	19 871	19 871
Investment Property		894 707	894 707	894 707	1 507 000	1 507 000	1 507 000
Other Structures (Infrastructure Assets)		169 597	169 597	169 597	169 597	169 597	169 597
Computer equipment		2 127	2 127	2 127	1 914	1 722	1 551
Furniture and Office equipment		4 362	4 362	4 362	4 404	3 964	3 567
Cash and Cash Equivalents		31 146	31 146	31 146	36 123	33 562	34 904
Bank		31 146	31 146	31 146	36 123	33 562	34 904
Receivables and Prepayments		158 300	158 300	158 300	111 038	149 358	153 808
Trade Receivables		129 529	129 529	129 529	38 525	40 837	43 287
Other Receivables		28 250	28 250	28 250	71 992	108 000	110 000
Prepaid Expenses		521	521	521	521	521	521
Total Assets		1 280 110	1 280 110	1 280 110	1 849 947	1 885 074	1 890 298
Capital and Reserves		923 855	923 855	923 855	1 457 918	1 550 658	1 554 875
Share Capital and Premium		303 854	303 854	303 854	303 854	303 854	303 854
Accumulated Reserves		231 879	231 879	231 879	265 267	265 267	265 267
Surplus / (Deficit)		-	-	-	-	0	(1 755)
Other		388 122	388 122	388 122	888 797	981 537	987 509
Post Retirement Benefits		10 233	10 233	10 233	10 235	10 235	10 235
Present value of Funded obligations		10 233	10 233	10 233	10 235	10 235	10 235
Trade and Other Payables		115 430	115 430	115 430	75 217	79 730	84 514
Trade Payables		115 430	115 430	115 430	75 217	79 730	84 514
Provisions		29 232	29 232	29 232	30 328	32 148	34 077
Leave pay provision		-	-	-	-	-	-
Other		29 232	29 232	29 232	30 328	32 148	34 077
Contingent Liabilities		201 360	201 360	201 360	331 175	331 175	331 175
Contingent Liabilities		201 360	201 360	201 360	331 175	331 175	331 175

1.3 Cash Flow Statements

Table: Statement of Cash Flows NWDC for the year ended 31 March 2022

Surplus/(deficit) after adjustments¹	-	-	-	-	-	0	(1 755)
1. Surplus/ (Deficit) after adjustments should be equal to zero.							
Cash flow from investing activities		(23 519)	(23 519)	(23 519)	10 126	11 000	12 000
Other flows from Investing Activities		(23 519)	(23 519)	(23 519)	10 126	11 000	12 000
Other 1		(23 519)	(23 519)	(23 519)	10 126	11 000	12 000
Other 2		-	-	-	-	-	-
Cash flow from financing activities		(47 261)	(47 261)	(47 261)	(22 178)	-	-
Deferred Income		-	-	-	-	-	-
Borrowing Activities		-	-	-	-	-	-
Other		(47 261)	(47 261)	(47 261)	(22 178)	-	-
Net increase / (decrease) in cash and cash equivalents		(70 780)	(70 780)	(70 780)	(12 052)	11 000	12 000

1.4 Capital Expenditure Programmes

Table: Capital Expenditure Statement NWDC for the year ended 31 March 2022

Payments for capital assets	2 833	2 833	4 928	4 928	4 928	2 199	1 724	1 807
Buildings and other fixed structures	2 547	2 547	4 171	4 171	4 171	1 374	854	895
Buildings	2 050	2 050	3 214	3 214	3 214	565	-	-
Other fixed structures	497	497	957	957	957	809	854	895
Machinery and equipment	286	286	757	757	757	825	870	912
Transport equipment	-	-	-	-	-	-	-	-
Other machinery and equipment	286	286	757	757	757	825	870	912
Payments for financial assets	8 764	8 764	9 342	9 342	9 342	1 853	-	-

1.5 Dividend Policies

No dividend policy is applicable.

1.6 The Borrowing Plan

The North West Development Corporation SOC Ltd does not have a Borrowing Plan for the 2021/2022 financial year.

1.7 Materiality & Significance Framework

1.7.1 Background

Treasury Regulation Section 28.3.1 – “For purposes of material [sections 55(2) of the Public Finance Management Act (PFMA)] and significant [section 54(2) of the PFMA], the accounting authority must develop and agree on a framework of acceptable levels of materiality and significance with the relevant executive authority.

The purpose of this document is to record the level and reasoning for the suggested levels of materiality and significance for consideration by the Board of NWDC and for submission to and approval by the executive authority.

ISA 32003 defines materiality as follows: “Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut-off point, rather than being a primary qualitative characteristic which information must have if it is to be useful.”

Accordingly we will be dealing with this framework under two main categories, being quantitative and qualitative aspects.

1.7.2 Quantitative Aspects

Materiality level for consideration:

The NWDC Group will use 1% of total assets to determine materiality. In determining the materiality value as 1% we have considered the following factors:

(a) Nature of the NWDC business

NWDC is a Government Business enterprise registered as a schedule 3D public entity in terms of the PFMA. The main business of the NWDC is property management and revenue is derived from rental of the property. In the main, the revenue generated is used to finance the expenditure of the organisation.

(b) Statutory requirements

As a schedule 3D public entity, the NWDC is subject to requirement of the PFMA, Treasury regulation and the Companies Act.

(c) The control and inherent risks associated with the NWDC

In assessing the control risk of the NWDC, and concluding on a materiality level of 1% based on a good control environment being present, cognisance was given to, among others:

- a) Proper and appropriate governance structures have been established;
- b) An audit and risk committee that closely monitors the control environment of the NWDC has been established;
- c) The function of internal audit was outsourced to a firm that is independent and has appropriate experience;
- d) A three year internal audit plan, based on annual risk assessments being performed, is annually reviewed and agreed by the audit committee;
- e) The function of financial management is under the control of experienced and qualified individuals with the assistance of independent and experienced firm of auditors.
- f) The entity obtained a qualified opinion in the prior year audit

1.7.3 Qualitative Aspects

Materiality is not merely related to the size of the entity and the elements of its financial statements. Obviously, misstatements that are large either individually or in the aggregate may affect a “reasonable” user’s judgement. However, misstatements may also be material on qualitative grounds. These qualitative grounds include, among others:

- Irregular and Fruitless expenditure
- Unusual transactions entered into that are not of a repetitive nature and are disclosable purely due to the nature thereof; e.g. related party transactions to subsidiaries
- Transactions entered into that could result in reputational risk
- Any fraudulent or dishonest behaviour of an officer or staff of NWDC
- Any infringement of NWDC Group’s agreed QMS performance levels
- Procedures/processes required by legislation or regulation (e.g. PFMA and the Treasury Regulations)

1.7.4 Statutory Application

Section 55(2)

<p>The annual report and financial statements ... must -</p> <p>(b) include particulars of –</p> <p>(i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year;</p>	<p>Both quantitative and qualitative aspects as referred to in sections 2.1 and 3 define materiality for purposes of losses through criminal conduct. All losses relating to irregular and fruitless and wasteful expenditure are regarded as material due to the application of the nature of these losses (qualitative aspects).</p>
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Section 54(2)

Information to be submitted by accounting authorities

<p>(1) Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction</p>	<p>Specific level of significance defined per subsection</p>
<p>♦ establishment or participation in the establishment of a company;</p>	<p>Any transaction to establish a company</p>
<p>♦ participation in a significant partnership, trust, unincorporated joint venture or similar arrangement</p>	<p>Where participation exceeds 20% of voting rights</p>
<p>♦ acquisition or disposal of a significant shareholding in a company</p>	<p>Any transaction to acquire or dispose of shareholding in a company</p>
<p>♦ acquisition or disposal of a significant asset</p>	<p>The cost of the asset acquired or disposed exceeds 15% of the total cost of assets</p>
<p>♦ commencement or cessation of a significant business activity; and</p>	<p>Any transaction where the income from the investment in the business activity exceeds the amount determined in section 2.1 and section 3.</p>
<p>♦ A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.</p>	<p>Where the change in the interest results in a change in the accounting treatment of the arrangement</p>

Annexure C

Environmental Plan

To provide a framework that structures and prioritises any environmental risks that are relevant to the organisation, ensuring compliance with regulatory authority stipulations and guidelines, responding to unforeseen events and providing feedback for continual improvement in environmental performance.

1) THE ENVIRONMENTAL PLAN

- 1.1 The NWDC adheres to environmental management principles of the National Environmental Management Act no 107 of 1998 (NEMA) that places people and their needs at the forefront of its concern, and serve their physical, psychological, developmental, cultural and social interests equitably.
- 1.2 Development will be socially, environmentally and economically sustainable considering all relevant factors.
- 1.3 The disturbance of ecosystems and loss of biological diversity are avoided, or, where they cannot be altogether avoided, are minimised and remedied. This is applicable in terms of pollution and degradation, disturbance of landscapes and sites that constitute the nation's cultural heritage, waste, and use and exploitation of non-renewable natural resources, so that it is done responsibly and equitable, and takes into account the consequences of the depletion of the resource(s).
- 1.4 A risk-averse and cautious approach is applied, which takes into account the limits of current knowledge about the consequences of decisions and actions; and negative impacts on the environment and on people's environmental rights is anticipated and prevented or remedied.
- 1.5 Environmental management is integrated and acknowledges that all elements of the environment are linked and interrelated; therefore best practice environmental options are pursued.
- 1.6 Environmental justice is pursued so that adverse environmental impacts shall not be distributed in such a manner as to unfairly discriminate against any person, particularly vulnerable and disadvantaged persons.
- 1.7 Equitable access to environmental resources, benefits and services to meet basic human needs and ensure human well-being must be pursued and special measures may be taken to ensure access thereto by categories of persons disadvantaged by unfair discrimination.

- 1.8 Ensure that responsibility for the environmental health and safety consequences of a policy, programme, project, product, process, service or activity exists throughout its life cycle.
- 1.9 The participation of all interested and affected parties in environmental governance is promoted, and all people must have the opportunity to develop the understanding, skills and capacity necessary for achieving equitable and effective participation, while participation by vulnerable and disadvantaged persons must be ensured.
- 1.10 The vital role of women and youth in environmental management and development is recognised.
- 1.11 The environmental impact plan:
- Identifies mechanisms to monitor and upgrade the continuous development and upgrading of the physical environment within which the entity operates.
 - Implements measures to adhere to and prepares plans to guide the entity to comply with environmental legislation and regulation affecting the entity.
 - Supplies information regarding the entity's contribution to the advancement of a healthy, safe and sound environment.

Annexure D

Marketing & Communications Strategy

Marketing and communications is the strategy used by a company or individual to reach their target market through various types of communication. It includes the message (what is to be said), the medium (where it is to be said), and the target audience (whom the message is reaching).

Table: Corporate Marketing

Corporate Marketing:	The Marketing & Communications unit takes responsibility for the corporate marketing of the NWDC
Objective:	To create awareness and expand the NWDC Brand within the North West Province and within international and national business, industry, SMMEs and the public.
Principles:	<p>All marketing that reaches internal and external audiences shapes the perception about the NWDC & therefore establishes a corporate identity.</p> <p>Consistent, uniform and accurate applications of the corporate identity and/or the logo must be used. This must be done as far as possible and dependent upon budget availability.</p> <p>As custodians of the NWDC Brand:</p> <ul style="list-style-type: none"> • Communication of NWDC's Corporate Strategy objectives • Promotion of the Provincial Investment Initiatives through NWDC • Communication of NWDC's full suite of services & key news events <p>Corporate Reputation Management with respect to NWDC stakeholders:</p> <ul style="list-style-type: none"> • Stakeholder growth • Stakeholder management • Stakeholder information • Advise on appropriate stakeholder consultation when dissatisfaction arises <p>Marketing of the NWDC through Communication:</p> <ul style="list-style-type: none"> • Establish and maintain stakeholder relations • Develop and maintain external communication channels • Create and maintain brand loyalty through consistent messaging • Media liaison • Maintain and manage feedback mechanisms (surveys, social media responses etc.) <p>Corporate Social Responsibility initiatives which espouse the NWDC value system</p>

Table: Corporate Branding

Corporate Branding:	The Marketing & Communications unit takes responsibility for the corporate branding of the NWDC
Objective:	The objective of corporate branding is to maintain, uphold and expand the NWDC corporate brand provincially, nationally and internationally among an investor and stakeholder audience
Principles:	<ul style="list-style-type: none"> It is absolutely imperative that uniform, consistent and accurate branding and corporate signage be applied across all locations, mediums and platforms All forms of messaging is to strengthen and support the corporate brand and the NWDC's mission and vision as outlined in the most recent version of its corporate plan
Aspects:	<p>Promotional Material</p> <p>Promotional materials produced must comply with the following:</p> <ul style="list-style-type: none"> Brand consistency, clarity & simplicity Be understood and accessible to the audience Reflect values of NWDC Project a positive image of NWDC Be sensitive to audience nuances, avoid stereotypes & acknowledge diversity <p>NWDC Logo and Corporate Identity (CI) Manual</p> <p>A CI Manual has been developed internally. The purpose of the corporate identity is to:</p> <ul style="list-style-type: none"> Create a consistent and clear visual identity for the NWDC Convey that our company is a professional and reliable organisation Establish our brand equity and standardise NWDC's visual presentation Builds loyalty and trust Makes our business memorable Makes our organisation look professional and capable The NWDC logo may not be modified or altered in any way. The NWDC logo may only be furnished to external agencies and service providers by Marketing & Communication in order to ensure resolutions and formats. The NWDC logo, when used for purposes of co-branding with other entities should be of a similar size of any other logo used.

Table: Stakeholder Communication

STAKEHOLDER COMMUNICATION	
Objective:	Stakeholder Communication sets out to ensure that the identified stakeholder groupings of the NWDC are kept informed and that good stakeholder relations are being maintained.
Principles:	<p>Stakeholder Communication at the NWDC should be guided by the following principles:</p> <ul style="list-style-type: none"> Honesty & transparency Uphold relevant and acceptable time frames of sharing pertinent company information Accountability Accessibility of key company documents once approved (i.e. Annual Reports, Corporate Plan etc.)

	<ul style="list-style-type: none"> Professional ethics in respect of interpretation, analysis, dissemination and use of information must be maintained at all times Meaningful and reciprocal communication must be pursued with respect to all stakeholders
Aspects:	<ul style="list-style-type: none"> A Stakeholder Relations Policy is in place The M&C unit has a Crisis Communications Policy in place Internal stakeholders dialogue
REQUIREMENTS	
Environmental Scanning:	<ul style="list-style-type: none"> M&C unit may conduct environmental scans at annual (or any other) intervals to inform the NWDC of mandate-impacting events or matters within its operating environment, and to communicate these issues to Executive Management of the NWDC. M&C unit must coordinate and facilitate the communicating of identified issues that present potential reputational risks to the NWDC to the Executive Management of the NWDC.
Internal Dialogue:	<ul style="list-style-type: none"> Every employee has the right to, without fear of victimisation, limitation of opportunity, express in a responsible manner opinion, seek, receive and impart information and ideas within the parameters of NWDC governance, protocols, and employment contracts Every employee must understand that they serve as a brand ambassador for the organisation and take ownership of this responsibility All information sought and distributed within and outside the NWDC by employees on behalf of the NWDC must: <ul style="list-style-type: none"> Relate to the business of the NWDC Be factual Not infringe on the crises communication policy Not be unfairly damaging and prejudicial to the NWDC, individuals and groups within the NWDC Not be propaganda based Not advocate and/or incite discrimination, hostility or racism
Access to Information:	Subject to the NWDC governance and protocol, every employee will have access to information contained in documents and records of the NWDC in so far as such information has a direct bearing on the well-being and interests of the requesting employee at an operational level. Sensitive information will only be made available to relevant high level employees.
External Communication:	<ul style="list-style-type: none"> Information disseminated to the NWDC's stakeholders should be supportive of and promote the interest of the NWDC, its mandate, vision and values as well as relevant policies and procedures. Inbound information received by any party within the NWDC shall have been meant for that party or parties in their capacities as employees of the NWDC. If not, such information must, without delay or disclosure to third parties, be passed on to the intended recipient. <ul style="list-style-type: none"> Relate to the business of the NWDC All information received from external sources by any party within the NWDC, should be verified for authenticity, accuracy and desirability before dissemination within and/or outside the NWDC.
Management & Coordination of Roles:	<ul style="list-style-type: none"> The Chief Executive Officer (CEO) is the Information Officer (IO) of the NWDC and therefore its principal spokesperson as required by the Public Access Information Act (PAIA). The CEO / CEO's office as the principal spokesperson is accountable to communicate to the stakeholders the following:

	<ul style="list-style-type: none"> • The decisions, priorities and policy issues as articulated by the Board of Directors and the Management of the NWDC • The strategy, policies and goals of the NWDC • Strategic areas of the NWDC's Strategic Plan • Issues of sensitive and strategic nature that only the CEO can communicate • The CEO may from time to time appoint subordinate spokesperson/s in accordance with the specific needs of the NWDC, and/or specialised communication contents/knowledge requirements of the NWDC stakeholders. • The CEO may formally delegate information and communication roles to various management levels within the NWDC • The Chief Executive Officer is ultimately accountable for Stakeholder Information • Marketing & Communications must assist and advise with respect to: <ul style="list-style-type: none"> • Opportunities for enhancement of NWDC Corporate Image • Threats to the NWDC corporate image and/or reputation which need to be responded to • Screening of external stakeholder communication
Protocol	<ul style="list-style-type: none"> • All opinions on any NWDC, National and the North West Provincial Government, policies, procedures, processes and practices, solicited and unsolicited, expressed by any employee will be subject to the communication policy and the employment contract between employees and the NWDC. • Managers will, in consultation with Marketing and Communication, ensure that: <ul style="list-style-type: none"> • Stakeholder communication forms an integral part of business plans, budgets and initiatives • Views and needs of all stakeholders are assessed and responded to at all stages of all initiatives • All communication and information to stakeholders reflect key strategic messages of the NWDC.
Copyright, Intellectual Property and Licensing:	All copy, text, content and symbols disseminated under/in the name of the NWDC will adhere and be subjected to the South African laws with regards to copyright, licensing and intellectual property.
Corporate Social Responsibility:	<p>The Corporate Social Responsibility strategy for the NWDC takes its context and guidance from the Corporate Social Responsibility Policy and the Corporate Plan of the NWDC and its related mandate.</p> <p>The Marketing and Communications function, of which Corporate Social Responsibility is a key performance area, supports the purpose for which the NWDC, as a Schedule 3D public entity was established in 1999, namely:</p> <ul style="list-style-type: none"> • <i>"To plan, finance, coordinate, promote and carry out the economic development of the North West Province and its people in the fields of industry, commerce, finance, mining, tourism enterprise-related activities and other business, resulting in wealth and job creation while taking cognisance of aims and objectives of the reconstruction and development programme of the Republic of South Africa."</i> <p>In addition to its existing business of leveraging private sector investments in pursuance of economic growth, black economic empowerment, job creation and project management, the NWDC also has an obligation to its various communities and environment.</p> <p>NWDC's social responsibility falls under two categories namely compliance and pro - activeness. Compliance refers to our company's commitment to legality and</p>

	<p>willingness to observe community values. Pro-activeness is every initiative to promote human rights, help communities and protect our natural environment. This strategy gives effect to the execution of Corporate Social Responsibility by the NWDC.</p> <p>Elements: Compliance Legality</p> <p>The NWDC will:</p> <ul style="list-style-type: none"> • Respect the law by adhering to the Constitution of South Africa with special reference to the Bill of Rights and the Acts governing the NWDC etc. • Honour its internal policies • Ensure that all its business operations are legitimate • Keep collaborations open and transparent
Business Ethics	<p>The NWDC will conduct business with integrity and respect to human rights. We will promote:</p> <ul style="list-style-type: none"> • Safety and fair dealing • Respect towards stakeholders • Anti-bribery and anti-corruption practices

Table: Pro-activeness in the Community

Objectives:	<ul style="list-style-type: none"> • To visibly demonstrate the NWDC values & portray the Batho Pele Principles. • To provide internal CSR activities to boost staff morale and company productivity
Principles:	<ul style="list-style-type: none"> • Requests for CSI assistance/sponsorship not in line with NWDC mandate are to be politely declined and deferred to relevant institutions/government departments. • In the event of monetary assistance – such assistance may only be made in instances where there is a bank account that is opened to public scrutiny, a receipt must be obtained. • In the instance of a donation of any goods, an acknowledgement of receipt must be obtained from the representative of the recipients. • Corporate Social Responsibility assistance may only be considered after budgetary allocation for this purpose has been confirmed. • Appropriate promotional material must be displayed/accompany any Corporate Social Responsibility Programme • NWDC must be publically acknowledged where possible by the recipient through means and/or channels committed to and disclosed to the NWDC prior to receiving sponsorship. • Where monetary assistance is not possible, our company will encourage its employees to volunteer through approved programmes organised internally or externally and may volunteer at events from other organisations. The latter is subject to approval from management.
Conditions/Requirements:	<ul style="list-style-type: none"> • Marginalised groups must be targeted (Youth, Disabled, Aged, Women etc.) • Benefit of Corporate Social Responsibility must accrue to society • Corporate Social Responsibility Outreach may not create or constitute a dependency upon NWDC. • Beneficiaries should reside within the NWDC area of jurisdiction. NWDC's area of jurisdiction spans the entire North West Province, as well as the communities surrounding areas where the NWDC owns and leases properties. • Beneficiaries and causes should match the NWDC mandate of economic development and • Beneficiaries will be supported once-off and not annually.

Conditions/Requirements for Internal CSR:	<ul style="list-style-type: none"> Annually and in relation and cooperation with the Human Resources department, a staff wellness, teambuilding and year-end event should be hosted, ideally on 1 December of each year or within the first week of that relevant month. Staff will not only receive medical and health awareness exposure, they will participate in team building activities to enhance trust and symbiotic work relations. The year-end will be the final concluding part of the day so that good staff morale and a sense of appreciation for their efforts in the year is what they leave with. The budget for the above must be shared between Marketing and Communications and Human Resources.
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Table: Pro-activeness in the Environment

Objectives:	To pro-actively aid in protecting/preserving the environment
Principles:	<ul style="list-style-type: none"> Recycling must be done where possible Volunteering should form part of the NWDCs CSR campaigns
Conditions/Requirements:	<ul style="list-style-type: none"> Employees are to, as far as possible, use less paper and do less printing. Sharing of information should, where possible, be done electronically Where monetary assistance is not possible, our company will encourage its employees to volunteer through programmes organised internally or externally (clean up campaigns etc.) and upon approval by management.

Annexure E

Employment Equity Strategy

The purpose of the Employment Equity Plan is to enable the employer to achieve reasonable progress towards employment equity to assist in eliminating unfair discrimination in the workplace, and to achieve equitable representation of employees from designated groups by means of affirmative action measures. It must clearly set out the steps that the employer plans to follow to achieve these objectives.

1) INTRODUCTION

- 1.1 The North West Development Corporation (NWDC) is committed to economic and social transformation and aims to promote equity in the workplace to reflect the demographics of the country and build a culture which respects and harnesses the richness of different cultures, ideas and perspectives.
- 1.2 The approach to employment equity is motivated by sound business rationale and aims to ensure that a diverse workforce improves organisational performance.
- 1.3 The NWDC has a responsibility to promote equal opportunities and fair treatment in employment by eliminating unfair discrimination, and implement affirmative action measures to redress the disadvantages in employment experienced by certain groups in order to ensure their equitable representation in all occupational categories and levels in the workforce.

2) LEGISLATIVE FRAMEWORK

The regulatory frameworks are provided by, among others:

- The Constitution of South Africa Act, 1996
- The Labour Relations Act, 1995
- The Employment Equity Act, 1998
- Basic Conditions of Employment Act, 1997
- Skills Development Act of 1998

3) PRINCIPLES

- 3.1 No employee should be unfairly discriminated against on the basis of race, gender, sex, pregnancy, marital status, family responsibility, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, political opinion, culture, language, birth and medical status.
- 3.2 Any discriminatory practice in the workplace will be appropriately and adequately sanctioned.

- 3.3 Special attention must be given to the disadvantaged, e.g. Blacks, women and people with disabilities, and that such preferential treatment shall not be considered unfair discrimination. Therefore preference in future appointments for groups that are underrepresented in the different occupational levels/categories will form a key feature of attaining employment equity. Gender equity is of considerable importance to the organisation and no form of sexual harassment will be tolerated.
- 3.4 Employment equity does not involve making appointments just to meet numerical goals without ensuring that the individual is suitably qualified for the position, therefore affirmative action measures will not include the appointment of persons who are not suitably qualified (as defined).
- 3.5 Promotion from within and on merit are the major means of advancement with merit including formal qualifications, relevant prior learning and/or related experience.
- 3.6 Central to changes focused to ensure affirmative action and employment equity is the efficient utilisation of the human resources at its disposal.
- 3.7 Recruitment and selection methods must be non-discriminatory and carefully evaluated for predictive validity with respect to job performance (e.g. to do the job to the required standards).
- 3.8 Preference for members of designated groups implies that where applicants for a position are all suitably qualified (as defined), applicants from the designated groups will receive preference.
- 3.9 Where representation in an occupational category and level has been reached or over representation in an occupational category and level is evident, fair labour practices and normalising of recruitment and selection practices will be applied.
- 3.10 Affirmative action forms part of the broader ongoing aim of training and developing all employees in the organisation to fulfil their potential.
- 3.11 All employees must take responsibility and make an effort to develop themselves.
- 3.12 All employees will strive to create an environment of diversity in the workplace.
- 3.13 All employees will take ownership of the obligations of the Employment Equity Act.
- 3.14 All employees will make reasonable accommodation to make provision for people from the designated groups with specific emphasis on people with disabilities.
- 3.15 The NWDC commits itself to apply employment equity initiatives as a means to promote equity in the workplace.
- 3.16 The NWDC takes national and regional demographics into consideration when applying employment equity initiatives.
- 3.17 The NWDC will ensure that policies, procedures, practices and the working environment promote the elimination of unfair dismissal.

4) TARGET SETTING AND REPORTING

- 4.1 Management will determine the NWDCs employment equity targets to be achieved within a specific timeframe.
- 4.2 Departmental heads will align their specific targets for each occupational category and level by race and gender to achieve the NWDC's overall equity targets.
- 4.3 The Employment Equity Plan will be widely communicated and will be used as a point of departure for any staffing decisions including recruitment, development and promotion.
- 4.4 Employment equity progress will be managed on an ongoing basis and corrective action will be taken where targets are not achieved.

5) COMMUNICATION

Communication has been identified as one of the success factors in achieving Employment Equity in the workplace. Its intention is to make employees and other stakeholders aware of the content and application of the EEA. It is envisaged that the process of structured communication will prepare stakeholders for their effective participation and meaningful contribution to the EE process.

The communication strategy consists of the following components:

- Stakeholder meetings
- Internal newsletter
- Posters
- Electronic communication
- Notice boards
- Display of EEA summary (EEA3) in strategic locations

6) CONSULTATION

The NWDC shall take reasonable steps to consult and reach agreement on all matters of consultation as contemplated in section 17 of the EEA. The parties to consult shall be:

- Representative trade unions (PSA and NEHAWU)
- Employees or their nominated representatives
- NWDC management
- HR functional line services – facilitation role

The nominated employee representatives shall reflect the interests of the following workforce groupings:

- Employees from designated groups
- Employees who are not from designated groups
- Unionised employees

- Non-unionised employees
- People with disabilities

Table: Consultative Structures

The following stakeholders are recognised for various consultation purposes	<ul style="list-style-type: none"> •NWDC Employment Equity Committees •Social & Ethics Committee •Public Servants Association of South Africa (PSA and NEHAWU) Unions •Human Resource and Remuneration Committee
Aspects included in the consultation process	<ul style="list-style-type: none"> •Analysis of the workforce profile •Employment policies, procedures and practices •Identification of employment barriers and steps to eliminate them •Affirmative action measures •Advancement of employees, particularly from designated groups •Organisation-specific circumstances •Industry-specific circumstances •Department-specific circumstances
Process Management	<ul style="list-style-type: none"> •The HR Department shall facilitate and manage the consultation process •The HR Department, through its administration shall be responsible for record-keeping •The consultation process shall be transparent

7) ANALYSIS

As per Section 19 of the Employment Equity Act, an employer must collect information and conduct analysis of its employment policies, practices and procedures and the working environment to identify barriers that adversely affect people from designated groups.

The current workforce profile was analysed to determine under-representation of people from designated groups and the resultant information used to project the desired state at the end of the EE Plan. For the purposes of this plan, the over and under-representation is determined relative to the North West EAP statistics. The policies, procedures and practices were also analysed and, where applicable, corrective measures were designed.

Table: Snapshot of workforce profile for all employees, including people with disabilities

Occupational Levels	Male				Female				Foreign Nationals		TOTAL
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	0	0	0	1	0	0	0	0	0	2
Senior management	11	0	0	1	3	1	1	2	0	0	19
Professionally qualified and experienced specialists and mid-management	8	0	1	0	11	0	0	2	0	0	22
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	12	0	0	0	37	3	0	1	0	0	53
Semi-skilled and discretionary decision making	39	0	0	0	12	0	0	0	0	0	51
Unskilled and defined decision making	4	0	0	0	12	0	0	0	0	0	16

TOTAL PERMANENT	75	0	1	1	76	4	1	5	0	0	163
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	75	0	1	1	76	4	1	5	0	0	163

Table: Provincial Economically Active Population (EAP) by population group/race and gender (15 to 64 years)

NORTH WEST	MALE				FEMALE				TOTAL
	A	C	I	W	A	C	I	W	
	53,9%	1,1%	0,8%	3,3%	36,4%	0,5%	0,2%	3,8%	

Source: Stats SA QLFS Q2 2020

These figures are subject to review as and when updated statistics are released by Stats SA.

Table: NWDC Job Grade Convention Table

Occupational Level	Job Grades
Top management	P1-P4
Senior management	P5-P6
Professionally qualified and experienced specialists and mid-management	P7
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	P8-P10
Semi-skilled and discretionary decision making	P11-P16
Unskilled and defined decision making	P17

8) FINDINGS AND OBSERVATIONS (FROM ANALYSIS PROCESS)

Occupational Level	Job Grades
Top management	There is no representation of other groups in the job category, however African females and males are 50% represented.
Senior management	African males are over represented in this category, other groups are under represented
Professionally qualified and experienced specialists and mid-management	African females are over represented in this category, other groups are under represented
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	African males are over represented in this category, other groups are under represented
Semi-skilled and discretionary decision making	African males are over represented in this category, other groups are under represented

Occupational Level	Job Grades
Unskilled and defined decision making	African females are over represented in this category, other groups are under represented
People with Disabilities (PWD)	People with disabilities are under-represented less than in all occupational categories
Women in Leadership positions	The current women component in the top two occupational categories is 50% of the male component

Table: Recruitment: 1 April 2020 to 31 March 2021

Occupational Levels	Male				Female				Foreign Nationals		TOTAL
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	0	0	0	0	0	0	0	0	0	0	0
Temporary employees											
GRAND TOTAL											

9) EMPLOYMENT EQUITY PLANS AND TARGETS

Numerical goals must include the entire workforce profile, and the difference that is projected to be achieved by the end of this EE Plan.
1 April 2020 ending 31 March 2021:

Occupational Levels		MALE				FEMALE				SUB TOTAL		2020/2021 Labour Budget	Vacant Positions
		A	C	I	W	A	C	I	W	Filled	Vacant		
Provincial EAP Compliance		55,5%	0,5%	0,4%	4,0%	36,1%	0,7%	0,0%	2,8%				
Top Management	Filled	1	0	0	0	1	0	0	0	2		5	Executive Manager: Corporate Services, Executive Manager: Property Development & Management, and Executive Manager: SMME Development
	Vacant	2	0	0	0	1	0	0	0		3		
Senior Management	Filled	11	0	0	1	3	1	1	2	19		28	Regional Manager (Properties), Legal Manager, Branch Manager x 6, Economist
	Vacant	1	1	0	1	5	0	1	0		9		
Professionally qualified and experienced specialists and mid-management	Filled	8	0	1	0	11	0	0	2	22		30	Specialist Trade, Specialist Market Access, Specialist Aftercare, Specialist Mining Equipment, Assistant Company Secretary, Financial Planner, IT Administrator x 2 and Maintenance Coordinator x 2
	Vacant	2	1	1	1	0	1	1	1		8		
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	Filled	12	0	0	0	37	3	0	1	53		71	Junior Supply Chain x 2, Executive Secretariat, Finance Administrator, Archive and Registry, Auxiliary Admin, Information Officer x 7, IT Technician, Tenant Coordinator and Compliance Officer
	Vacant	0	2	1	2	5	2	1	5		18		
Semi-skilled and discretionary decision making	Filled	39	0	0	0	12	0	0	0	51		52	GES x 1
	Vacant	1	0	0	0	0	0	0	0		1		
Unskilled and defined decision making	Filled	4	0	0	0	12	0	0	0	16	0	17	
	Vacant	0	0	0	0	1	0	0	0		1		
TOTAL		81	4	3	5	88	7	4	11	163	40	203	

Annexure F

Turnaround Strategy

Turnaround techniques is a corporate practice intended to protect an organisation and transform it into a profit-making organisation. The basics of a successful turnaround strategy is to identify the problems, prioritise the problems, plan a step-by-step execution plan, execute and iterate each step continuously. In order to effect turnaround, an organisation must acknowledge and identify its problems, consider changes, and develop and implement a problem-solving strategy.

1) PURPOSE

The Turnaround Strategy seeks to apprise Provincial EXCO on the interventions that might assist to improve the NWDC's performance leading to its sustainability.

2) BACKGROUND

When considering the history of NWDC the following events can be noted:

2.1 BNDC and NWDC

- a) Under the homeland government of Bophuthatswana, the BNDC was mandated to plan, finance, coordinate, promote and carry out development of the Republic of Bophuthatswana and its people in the fields of industry, commerce, finance, mining and other business.
- b) The DBSA granted multiple loans to the BNDC/NWDC between the years of 1987 and 1995. These loans were primarily to finance development of the industrial infrastructure and building of standard and mini factories in the areas of Babelegi, Garankuwa, Mogwase, Mmabatho and Selosesha.
- c) The South African Homelands or Bantustans (Transkei, Bophuthatswana, Venda, and Ciskei (the so-called "TBVC States") ceased to exist on 27 April 1994, and were re-incorporated into the new nine provinces of a democratic South Africa.
- d) To address the debts and liabilities of the former TBVC States and self-governing territories, Section 239 of the Interim Constitution was amended in September 1995 by virtue of Act 44 of 1995 indicating:

"Amendment of section 239 of Act 200 of 1993 11. Section 239 of the principal Act is hereby amended by the substitution for subsection (3) of the following subsection: "(3) "

All debts and liabilities which immediately before the commencement of this Constitution vested in an authority referred to in section 235(1)(a), (b) or (c), or in a government, administration or force under the control of such authority shall be assumed by the national government.

The debts and liabilities referred to in paragraph (a), shall be deemed to be State debt as defined in section 1 of the Exchequer Act, 1975 (Act No. 66 of 1975)."

- e) Despite the above arrangement to address debt and liabilities of the former TBVC States and self-governing territories, NWDC as the former Bophuthatswana National Development Corporation (BNDC) remained with debt to the DBSA for the infrastructure of the Bodirelo, Babelegi and Garankuwa Industrial properties while the infrastructure was transferred to the Moses Kotane Local Municipality and the Tshwane Metropolitan Municipality.
- f) NWDC consequently finds itself in a situation where it is liable for the debt of the above infrastructure to the DBSA while it is also being billed for the services supplied by the two municipalities through their infrastructure.
- g) The above has culminated into a situation where NWDC is in debt with:
 - Development Bank of Southern Africa;
 - Moses Kotane Local Municipality; and
 - Tshwane Metropolitan Municipality.
- h) NWDC has made various attempts to structure new debt deals and possible write offs with the above mentioned entities and has also incurred significant legal costs as government departments are discouraged from taking legal action against each other.
- i) The outstanding loan is about R 56 million and some of our assets serve as collateral to the loan. There were previous efforts and strategies in trying to come up with the plan on how to settle or write off this debt and there has been no success to date. The NWDC spends R615 000 a month to service this loan.
- j) From the above it seems as if NWDC should never have been placed in this position which is now contributing to threatening its going concern status.

2.2 Amalgamation of North West Entities

- a) The North West Provincial Government issued a directive in 2012/2013 to amalgamate the functions of three entities, namely the North West Development Corporation (NWDC), Invest North West (INW) and Mahikeng Industrial Development Zone (MIDZ). The amalgamation was conducted with the objective of accelerating the economic drive of the Province in pursuance of assisting and supporting SMMEs; minimising duplication and creating economies of scale. This process led to the organisation re-defining its vision, mission and objectives, and the following were critical factors that required attention:
 - Re-alignment of organisational structure and placement of employees. (i.e. review and grading of positions, skills gaps, and salary inconsistencies)
 - Major renovations and refurbishment of properties to ensure sustainability of the organisation

- Attraction of investments into the province for creation of employment.
- b) Finding solutions to the challenges facing the NWDC is therefore imperative for the fulfilment of its mandate. It is, however, important to note that these challenges are both external and internal and therefore requires the shareholder assist the agency in finding sustainable solutions.

2.3 Transfer of Golden Leopard Resorts (formerly Dirapeng)

- a) During 2015/2016 NWDC acquired Dirapeng (Pty) Ltd. Dirapeng Resorts comprise of Bakgatla Resort; Manyane Resort in Pilanesberg; and Golden Leopard Resorts Group which comprise of Cookes Lake and Manyane in Mafikeng. The Dirapeng Group generates its revenue from accommodation, food and beverage sales and venue hire for conferencing and functions and game track concession.
- b) At the time of the acquisition the following were its challenges:
- There was no cash balance to operate as a going concern; NWDC had to fund it from its resources through a loan account.
 - Its major liabilities were mainly the Auditor General, Municipality Services and SARS.
- c) The total liability for the GL Group is in excess of R140m (this includes the R 94m owed to NWDC to date).

2.4 Transfer of Signal Development

- a) On 4 December 2015, a directive from North West Provincial Government was issued to the Corporation to absorb Signal Development. This company was formed in 1990 by the erstwhile Bophuthatswana Government for purposes of developing an International Golf Course that would attract tourists for investment purposes. As part of the strategy of Rebranding, Repositioning, and Renewal of Bokone Bophirima, to fit in one of the pillars of Agriculture, Culture and Tourism, the NWDC was deemed fit to absorb the Signal Development. Among the recommendations of the transfer the following was required:
- Transactional advisor to be appointed to conduct a due diligence and provide recommendations to the Board of Directors and Executive Provincial Council
 - Assess and relook the assets, liabilities and profitability of the organisation
- b) The due diligence, risk assessment and profitability assessment was never performed. This organisation also is now putting much pressure on the day to day cash-flow of the organisation.

From the above background summary it is clear that NWDC is carrying various financial responsibilities that contribute to the financial constraints.

3) DELIVERY PROGRAMMES

Based on the available resources and its current milieu, the NWDC will deliver on its mandate the following programmes during the financial year 2021/2022:

Programme	Purpose of the Programme
Programme 1: Property Development & Management	To ensure the development and management of the property portfolio
Programme 2: Bojanala SEZ	To build commercial industrial infrastructure and attract new investment into the SEZ
Programme 3: SMME Development & Management	To develop sustainable enterprises
Programme 4: Trade & Investment Facilitation	To attract foreign and local direct investments into the NWDC, promote exports and facilitate market access for local business
Programme 5: Economic Programme Management	To facilitate and implement funded projects

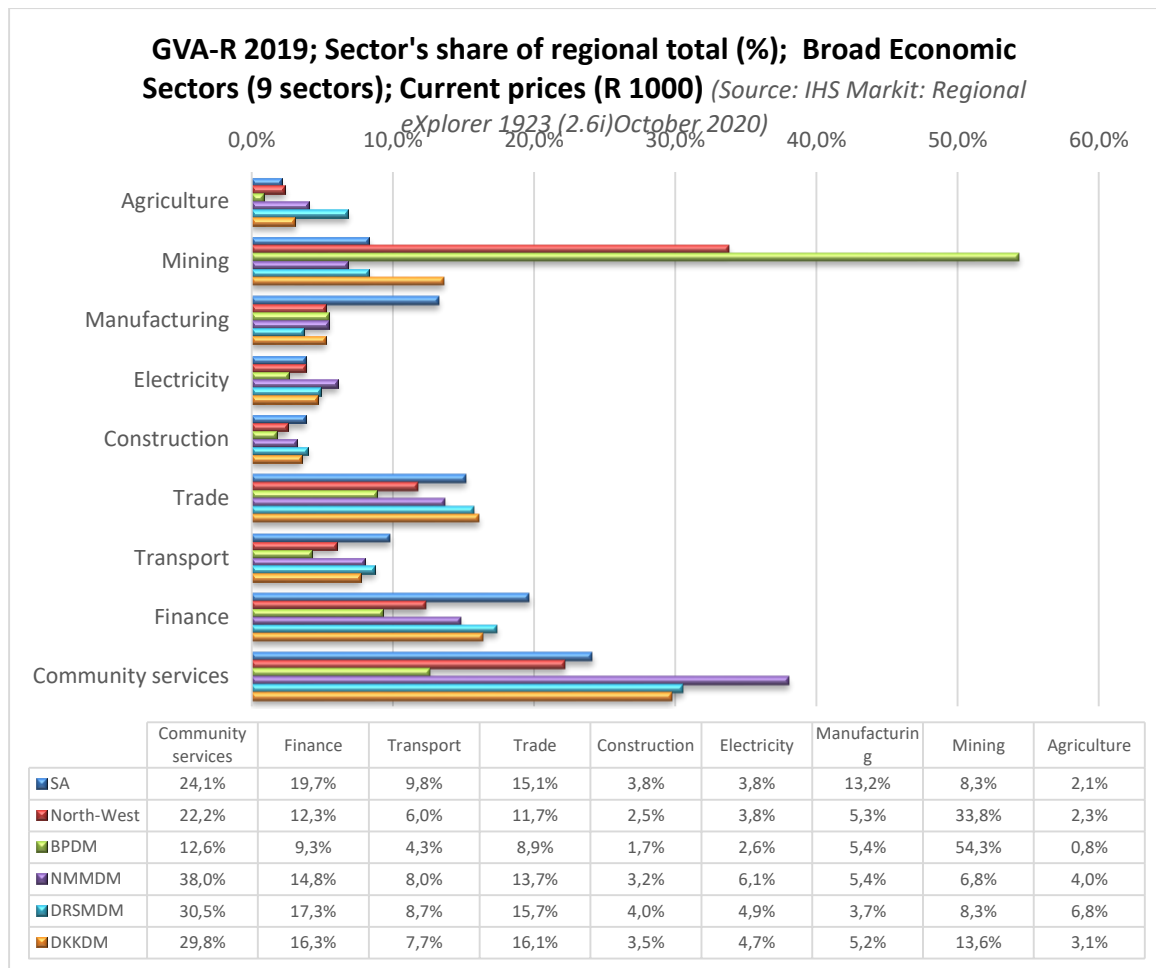
4) OVERVIEW OF THE ECONOMIC ENVIRONMENT IN WHICH THE NWDC OPERATES

4.1 Global perspective

- Global growth is projected at -4.4% in 2020, 7,7% below the January 2020 World Economic Outlook (WEO) forecast. The Covid-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.2 %.

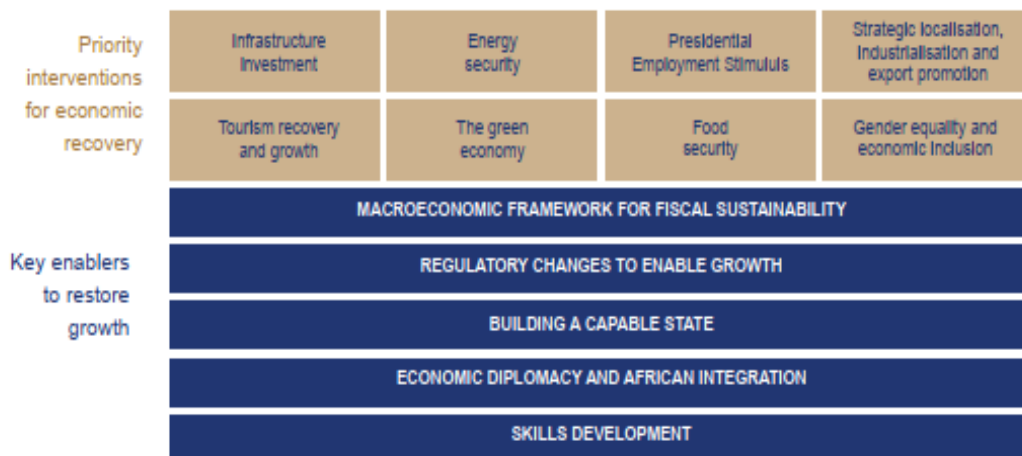
4.2 South Africa and the North West Province

- South Africa's growth is projected at -8%, in 2020. In October 2020 it was 8,6% lower than the January 2020 forecast. The growth forecast for 2021 is 0,3%.
- Inflation Consumer Price Index (CPI) remains within the 3%-6% target of the Reserve Bank with an average of 4.1% for 2019. During May 2020 the inflation rate fell to 2.1%.
- On 17 September 2020 the South African repo rate was 3,5%.
- The unemployment rate for Q3 2020 was 30,8% for South Africa and 28,3% for the North West Province.
- In South Africa 1,692,000 jobs were lost between Q1 and Q3 2020 of which the North West province lost 39,000 jobs or 2,3% of total job losses and employs 93,0000 people. In Q2 and Q3 the North West province had the lowest job losses.
- The graph below indicates GVA-R sector's share contributions of the regional total of the nine broad economic sectors.
- It is clear that mining in the North West province is the dominant sector and specifically in the Bojanala District Municipality.



- The North West Province has a positive trade balance and exports have increased from R24bn in 2017 to 103bn in 2019.
- About 98% of these exports are from Rustenburg and Madibeng and over 80% of the exports are mining related products.

4.3 Priority interventions and enablers of the National Economic Reconstruction and Recovery Plan



4.4 Economic Reconstruction and Recovery Plan: Opportunities for the NWDC

In terms of Infrastructure:

- a) Position the NWDC to access the infrastructure fund of R100bn: NWDC working with relevant stakeholders could be able to access the fund and revamp its property portfolio and also embark on new projects that could boost economic development in the NWP.
- b) It is further indicated that National Treasury: Office of the Chief Procurement Officer (OCPO) will develop a fit-for-purpose procurement framework for infrastructure projects and regulatory framework for PPPs, with the Department of Public Works and Infrastructure (Infrastructure SA). NWDC could also work with them involving provincial Treasury.
- c) The NWDC could enquire from the Contract Manager of Traversal Contracts at OCPO (National Treasury) as indicated below by obtaining information on how to contract investors who want to upgrade our facilities. Through this request, they could also list NWDC as an entity that can supply properties and leases.
- d) In terms of Energy Security the NWDC can attract investors to our industrial parks to generate green energy.

In terms of Employment Stimulus NWDC can:

- e) Tap into the programme of Public Works that will create 1,560 new opportunities in facilities maintenance, water and energy efficiency, and construction of rural bridges.
- f) Tap into the programme of Department of Agriculture, Land Reform and Rural Development to Support 74,626 small-scale farmers to expand production and access markets.
- g) Tap into the Programme of NYDA to provide support to 5,000 young entrepreneurs and micro-enterprises.

5) SITUATIONAL ANALYSIS

5.1 Current level of performance

- The Investment Properties remain the main source of revenue for the NWDC and this is clearly not sufficient.
- The NWDC property portfolio consists of Industrial (53%), Commercial (28%), Retail (15%) and Residential (4%) properties.

5.2 Profitability Ratio

- The escalation rate for revenue on properties is set at 10%.
- The inflation rate for 2020 is set at 4.6% as at February 2020.
- Costs are increasing on an annual basis at a rate higher than inflation and escalation.

- Costs of electricity increased by 32% in the last three years.
- Costs of salaries increased from R48m in 2013/2014 to R80m in 2019/2020, an increase of 66%.
- Revenue increased by 46%.

This is an indication that there was very little comparison drawn between the expected income and the expected expenditure. Going forward, salaries should not increase by more than 6% per annum.

The table below reflects the current profitability ratios:

Profitability Ratio	2017/2018	2018/2019	2019/2020	2020/2021	Expected Level of Performance
Gross profit margin	78%	67%	70%	72%	70%
Net profit margin	1%	20%	21%	20%	25%
Variable costs as % of revenue	43%	52%	50%	48%	30%
Compensation of Employees as a % of Revenue	59%	60%	58%	57%	30%
Compensation of Employees as a % of Expenditure	30%	48%	45%	42%	30%

- The net profit margins are not at an expected level.
- Operational costs and compensation costs are not kept at acceptable levels for the NWDC Group.
- Variable costs (property) are currently at 30% of revenue. These costs should for all intents and purposes be recovered from tenants unless they are already factored into the rental amounts.
- Other operational costs and compensations costs should be reduced to 25% and 30% respectively. This can be achieved by more investment in IT infrastructure.
- At this stage, the NWDC properties seem to have reached their maturity level with minimal growth expected.
- To increase on the rental income, capital investments on properties should be increased. This should be dependent on the demand for such properties and only on properties that are likely to yield a return of more than 70%, before salaries and operational costs.
- Consideration will also be given to vacancies and how they can be addressed.
- Management will look at other products to sell to the market over and above property. These include the diversification of the property portfolio into residential markets especially in Mahikeng and Potchefstroom. This will increase the revenue base of the organisation.

5.3 Liquidity Ratio

- The going concern status of the NWDC has been threatened by the level of cash the entity has.
- Even though current assets exceed current liabilities, the cash-flow remains a challenge.
- If expenditure is controlled as indicated under income statement profitability ratio, then the level of payables will be reduced. The same applies to increase in cash if collection and revenue are increased.
- The current collection rate was at 63% from April to October 2020. This means that the debtors are increasing and the arrears are not recovered in full. The debt book will rise at 37%.
- To improve the cash flow, management should intensify collection of arrears and ensure that a significant portion of the current debt is recovered (Property and SMME presentations).
- Management should also maximise the return on available cash by investing in a financial institution that provides higher returns.

The table below reflects the current liquidity ratios:

Profitability Ratio	2017/2018	2018/2019	2019/2020	2020/2021	Expected Level of Performance
Current	0,60	0,96	1,04	0,70	2
Current (excluding DBSA)	1,49	2,33	2,39	1,51	2
Acid Test/Quick	0,10	0,24	0,28	0,31	1
Acid Test/Quick (excluding DBSA)	0,26	0,58	0,65	0,66	1

5.4 Interest/DBSA Loan Cover

- The NWDC interest bearing liability is the DBSA Loan. Even though interest is no longer payable on the loan, the loan itself is payable on a regular basis. Therefore, the earnings of the company should be sufficient to at least cover the loan repayment by a factor of 2.
- The NWDC is still far from reaching the acceptable level of interest/loan cover, currently at a factor of 0.13 even with the grant funding. Interest cover in the current year without grant funding is negative as the company will realise losses from normal operations in order to improve this cover.
- The NWDC will increase its revenue base and reduce the expenditure in order to improve the net profit margins.

Interest/DBSA Loan Cover	2017/2018	2018/2019	2019/2020	2020/2021	Expected Level of Performance
Interest cover	0,13	0,71	0,94	1,1	2

5.5 Working Capital Management

The NWDC should aim to have days in creditors being more than days in debtors. This is the case at the moment. However, PFMA requires that creditors should be paid within 30 days and North West Provincial Government requires that SMMEs be paid within 14 days. As a result, the days in debtors should at least be less than 14 days.

Working Capital Management	2017/2018	2018/2019	2019/2020	2020/2021	Desired Level of Performance
Days in Receivable/Debtors	118	117,51	98,06	10,49	7 days
Days in Payables/Creditors	175,34	139,77	131,31	125,35	30 days
Days in Payables/Creditors (age analysis)	34,04	27,84	26,18	24,41	30 days

5.6 Return on Investment

- The calculation is based on the revenue generating assets only (hence, only the investment property was used to determine the ratio).
- The return is taken after considering all expenditure and including capital expenditure.
- In the current year, the NWDC is below the expected return of 5% even with income from grants.

Return on Investment	2017/2018	2018/2019	2019/2020	2020/2021	Desired Level of Performance
Return on Investment	1%	6%	7%	7%	5%

6) CHALLENGES

- On the basis of the above mentioned background, the Corporation finds it difficult to reach and sustain profitability levels.
- In the past, SMME development and especially commercial property rentals were key drivers in assisting with the profitability of the organisation. With the current economic conditions, the organisation is unable to meet its objectives. The cash-flows of the NWDC are stretched to such an extent that it is an effort to pay its creditors within the prescribed times.
- The challenges need to be addressed with urgency to stop the unnecessary expenditure.

7) CONCLUSION

- The NWDC have a broad mandate and is regarded as flexible.
- The organisation is currently operating below the potential at probably 1%.

- 7.3 The Turnaround Strategy will be implemented immediately and is non-negotiable.
- 7.4 To ensure the sustainability of the organisation it cannot be regarded as business as usual.
- 7.5 Change is possible over a period of at least two years.

Annexure G

Transfer of Golden Leopard Resorts SOC Ltd to the North West Parks & Tourism Board

1) EXECUTIVE SUMMARY

Provincial EXCO took a resolution to transfer GLR SOC Ltd to the North West Parks & Tourism Board to align and link the entities (Golden Leopard Resorts and Madikwe River Lodge) to the mandate of tourism expansion and development in the North West Province.

2) INTRODUCTION

- 2.1 The North West Development Corporation (NWDC) (SOC) Ltd is an established State Owned entity schedule 3D in terms of the Public Financial Management Act (PFMA) No.1 of 1999. The North West Provincial Government (NWPG) holds 100% of the ordinary shares of NWDC. In terms of its mandate, the NWDC is established to assist in driving the economy of the North West Government by providing financial services and business support, development of small businesses (SMME), leasing of business premises, delivering developmental projects, and promotion of foreign direct investment opportunities.
- 2.2 GLR SOC LTD is a Schedule 3D public entity in terms of the Public Finance Management Act (PFMA). The main business and principal activities include tourism accommodation, conferencing and timeshare operations in the North West Province through its subsidiaries Golden Leopard Resorts (GLR) and Madikwe River Lodge (MRL).
- 2.3 During 2015, in order to align the mandate of the Province's economic development, the provincial EXCO took a resolution to transfer the property management of hospitality business in the province; namely Dirapeng Group ("Dirapeng"), Golden Leopard Resorts ("GLR") and Madikwe River Lodge ("MRL") to the NWDC. In addition, Christiana Hotel now known as Christiana All Seasons Resort (CASR) was purchased by NWDC and is managed by GLR (formerly Dirapeng). Subsequently the status of the entity changed from a Schedule 3C public entity to a 3D public entity as a subsidiary of the NWDC in terms of the PFMA. More so an EXCO resolution was taken in September 2019 to take back Golden Leopard Resorts to North West Tourism Board.
- 2.4 A process of consolidating the entities was embarked on and during February 2018, Dirapeng (Pty) Ltd was changed to GLR SOC Ltd. The prior GLR resorts were changed to GL Resorts and the name Madikwe River Lodge (MRL) was reserved for trading as is. It was important for the brand awareness that the name of Madikwe River Lodger and GLR were kept as is.
- 2.5 The group has however, over the past few years, experienced significant financial and operational difficulties, which resulted in:
 - a) Overall consistent decline in profitability.

- b) The group obtained a disclaimer audit opinion during 2015 and 2016.
- c) The opinion improved to a qualified opinion in 2017.
- d) Followed by disclaimer audit opinion in 2018, 2019 and 2020.
- e) Lack of maintenance and upkeep of properties negatively affected occupancy and revenue, and seriously strained the structural safety of some of the infrastructure.
- f) The additions of the CASR and Cookes Lake facilities (who are on management contracts both ending on 31 March 2021), further exacerbated the financial situation of the entities adding to an increase in HR costs and associated operational expenses whilst both facilities do not generate sufficient to cover its fixed expenses. Further, both properties have high outstanding bills with the relevant municipalities being Lekwa Teemane and Mahikeng. Despite several attempts to intervene and resolve the matter, the Lekwa Teemane Municipality specifically will not entertain resolutions unless it comes directly from the NWDC who is the property owner.
- g) Creditor's age analysis currently ranges between 180 days plus with compliance matters between AG, SARS and utilities making up the bulk.
- h) Creditors older than 180 days include timeshare owners and many SMME's and local businesses that rely on the resorts for their survival.
- i) As per the illustration in the table above, the DBSA has disbursed loans to the NWDC amounting to R664m. However, the active loans alone only amounts to a total of R122m.

3) STRATEGIC FORESIGHT

3.1 Current Reality:

The following realities were noted by the HoD: Provincial Treasury (Mr. Kunene) of the North West Province. The entity has been experiencing operational and financial management challenges in the past few years and these difficulties have led amongst others to the following:

- The overall profitability consistently declined from R8.7 million losses in 2019 to R22.4 million in 2020. The decline in 2020 is due to Covid-19 Lockdown.
- Loss of clientele in the market over the years due to the dilapidated infrastructure of all GLR properties. GLR properties are unable to compete with other competitors due to no value for money.
- The group obtained a disclaimer audit opinion during 2015 and 2016 financial year. The opinion improved to a qualified opinion in 2017 followed by another disclaimer audit opinion in 2018 to 2020. The reason for the disclaimer was the difference in opinion on the treatment and disclosure of the useful life of assets and the migration of accounting frame work from GRAP to IFRS.

- Lack of maintenance and upkeep of properties negatively affected occupancy and revenue, and seriously strained the structural safety of some of the infrastructure.
- Decline in revenue and occupancy due to unsafe environment caused by attack on guests and robberies at Manyane as the main Resort:
 - Challenge in purchasing stocks for Food & Beverage and Retail for revenue generation purposes.
 - Creditor's age analysis during 2020 between 60-180 days is R71.2 million excluding SARS, and this has not improved since 2015 to date.

The following could secure sustainability:

- **Madikwe River Lodge** needs sales of R31 million per annum to reach break-even point. In order to reach these targets, the following measures should be implemented with an estimated required capital of R16.6 million;
- **Manyane Resort** requires revenue of R63.3 million per annum to break-even. In order to achieve this target, the following measures should be implemented with an estimated required capital of R44.6 million; and
- **Bakgatla Resort** requires revenue of R59.2 million per annum to break-even. In order to achieve the revenue, target the following measures should be implemented with an estimated required capital of R27.5 million.
- The Group (GLR) will require a total amount of R275 million to ensure sustainability. This amount includes R172 million for working capital and R103 million for capital expenditure. The working capital includes SARS, AG costs, NWDC Loan account; Municipalities debts and Share block Levies. The capital expenditure includes are Timeshare Units of the total of 55 units, property refurbishment at all the resorts and for ICT upgrades (see Table below)

3.2 Possible Future Reality

The following were noted in the PWC turn-around strategy (2013) and is still relevant:

- **Maintain the status quo:** This is not an option as a results of operating losses and cash flow problems. This will place the going concern status and sustainability of the company at risk. This would put the shareholder and directors at risk for trading recklessly.
- **Fix the business:** Stabilize the business and focus on fixing challenges and issues. There is a few low hanging fruit to assist with stabilisation and thereafter focus on strategy. These include but are not limited to develop and implement process, systems and controls to secure quality data; analyse cost and consider cost saving initiatives, create a structure that is fit for purpose and train staff so that they could understand systems, process, and controls.

- **Grow the business:** Shareholder and directors may consider to refurbish, upgrade and expand the capacity, facilities and service offerings of the group.
- **Grow strategically:** Commercialization options with a strategic focus and equity partners (PPP).
 - Technical partner (49%): Group
 - Strategic equity partner (49%): Individuals
 - Develop a grand strategy for each entity
 - ✓ Diversification
 - ✓ Cost leadership
 - ✓ Product development
 - ✓ Market development
 - ✓ Forward / Backward integration

3.3 Fix the Business

The following were noted in the PWC turn-around strategy (2013) and is still relevant:

- Develop short term cash flow forecast;
- Develop business process;
- Develop and implement hospitality controls;
- Analyse significant cost and consider cost savings initiatives;
- Create a organisational structure fit for purpose;
- Provide regular management information;
- Implement systems that would guarantee accurate and complete data; and
- Train staff (systems, processes and controls) to operate efficiently.

3.4 Develop Strategic Options and Choices

The following were noted in the PWC turn-around strategy (2013) and is still relevant:

- Reap the profits of low hanging fruits;
- Consider funding options; and
- Plan for the future strategically.

3.5 Plan funding to first survival and then prosper

The following were noted in the PWC turn-around strategy (2013) and is still relevant:

- **Technical partner (%): Hospitality group:** This can be hospitality groups with hospitality experience. Will have to align GLR strategy to hospitality group. Group may appoint their management and have a seat on the board. They will want to see early returns on their investment.
- **Strategic equity partner (%):** Individuals with hospitality industry experience: This can be private equity partners with hospitality industry experience. Must have a clear

strategy for them because they would want a good return on their investment. They may want to be involved in the management and board and monitor performance.

- **Commercial Bank loans:** Consider the extend of funding required to stabilize business (refurbish and upgrade the business). This will not compromise equity stake in the business. Overdraft could be used to finance operation cost while term loans could be used to refurbish / upgrade facilities.
- **Brics / Development Bank loan:** Determine if the any of the two banks have a mandate specifically for the hospitality industry. Consider the funding requirement. Consider the form of support needed (funding and or equity. They may require a position on the board. They may develop terms and conditions to adhere to.

4) **PLAN AND IMPLEMENTATION STRATEGY**

The following were note in the PWC turn-around strategy (2013) and is still relevant:

4.1 Establishment of Workstream Task Teams

The Workstream Task Team's main purpose will be to drive the process per workstream. Their roles and responsibilities will include, but are not limited to:

- Providing overall direction;
- Supporting the implementation team;
- Scheduling meetings / site visits with relevant stakeholders;
- Resolving conflicts; and
- Accepting milestone deliverables.

Central to the success of delivering a project of this nature is effective mobilisation and planning arrangements at the outset. The Workstream Task Teams will therefore be responsible for developing the following:

- A detailed project plan and timetable for the process of coalition to consolidation;
- Defining roles and responsibilities;
- A list of stakeholder contacts for consultations and agreement with senior internal and external stakeholder involvement;
- Communication sessions to be held with relevant stakeholders in consultation with the Change Management work stream;
- A list of potential risks and mitigating actions.

Areas for workstreams to consider:

- **Assurance, Governance and Strategy**
 - Adopt the vision, mission and strategy of the organisation
 - Setting of goals and key performance indicators
 - Align governance practices to King III i.e. define Board structures
 - Board scorecard
 - Delegation of authority in place

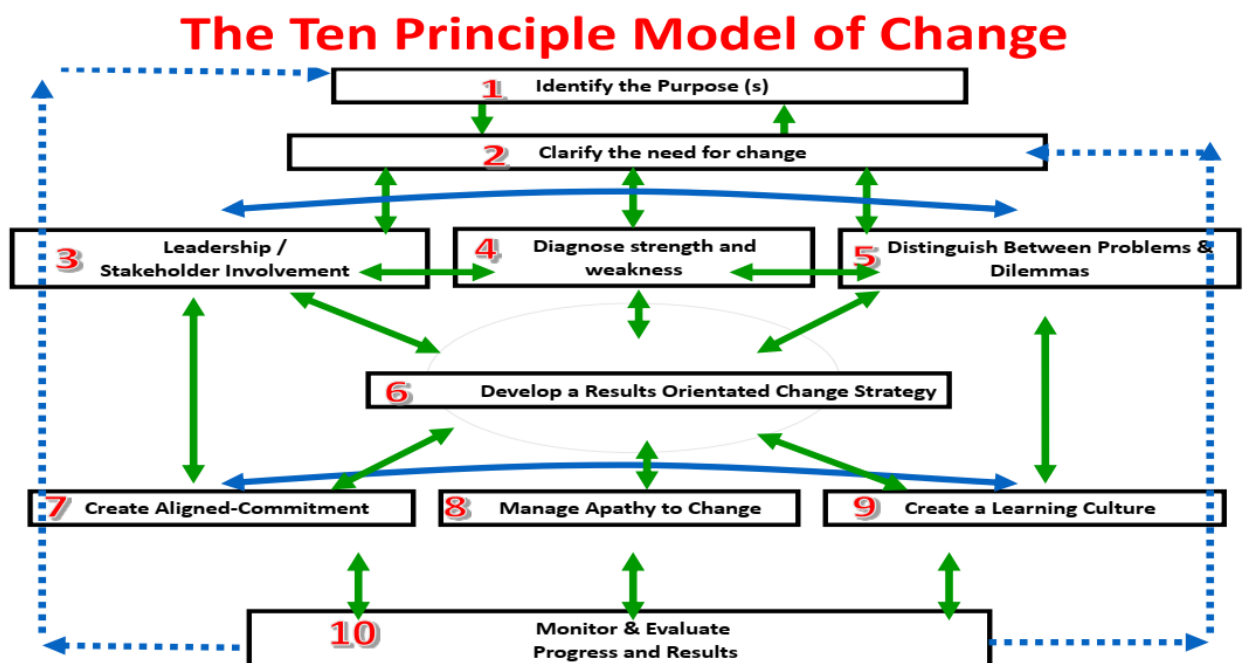
- Functioning, internal audit unit
- Post audit action plan (PAAP) monitoring
- PFMA applications
- Risk management
- Approved policies in place
- Approved standard operating procedures, with which the employees are familiar
- Revision of incorporation documents
- **Finance**
 - Availability of up-to date financial information
 - Availability of management information packs to aide management with decision making process
 - Working capital management, including cash-flow forecasting, debtor and creditor management
 - Quantify the value of liability arrangements with creditors
- **Human Resources**
 - Organisational structure
 - ✓ job descriptions
 - ✓ job evaluation
 - ✓ salary benchmarking
 - Staff competency
 - Performance management
 - HR Plan
 - Occupational health and safety
 - Development of HR Plan
 - Staff development
 - Staff migration
- **Systems (ICT)**
 - Responsibilities for IT to be defined.
 - General control environment to be improved significantly
 - Alignment of systems in use at the organisation
 - Hardware and software upgrade
 - Business continuity
- **Infrastructure**
 - Approved refurbishment plan, which includes timeframes and budget
 - Safety and security plan
 - Maintenance plan
- **Marketing, Communication and Change Management**
 - Increased focus on the management of guest feedback receive (Public relations)
 - Re- branding and brand promotion

- Usage of social media
- Change office
- Change agents

5) CHANGE MANAGEMENT

For the project to be successful, it is necessary to underpin the project with a robust change management programme. A change management programme for any large intervention needs to consider the broader context of the organisation and the change, the spread of stakeholders and each of their personal agendas, issues relating to the communication of strategic intent of the organisational re-design and the management of the imminent changes to the organisation.

Change management plays an integral role in an organisational re-design. It is imperative for organisational leaders to manage any change process to ensure an understanding of the project and process. The use of the Ten Principles of Change Model (Coetsee, 2002) is advised. A graphical representation of the model is presented in the Table below.



6) CONCLUSION

As a final thought, and using the *Pareto principle*, the following should be resolve as soon as possible because they (20% of the issues identified) constitute 80% of the problems / risks of GLR SOC (PTY) Ltd:

- Dealing with the legacy debt (above 80% of the debt are owned to other state institutions e.g. AG, local authorities, and NWDC). This should and be dealt with at the highest possible level because this is the single most significant risk to the going concern status of the Group;

- Selling of all non-cash assets (shares in related industry ventures) not under the control of the Group or its board;
- Establish actual capital requirements (funding quantum) for upgrade and refurbishment of the facilities as well as short term (1 Year) cashflow projections;
- Train staff and management and start to manage the institutions;
- Appoint a senior industry leader (3 year contract) as project leader to manage the project milestones and deliverables;
- Establish and resource an infrastructure for support of the project leader;
- Establish a Task Team with workstreams; and
- Develop a structure fit for purpose: Head-office with individual entities operating independently (paying a contribution to carry head-office cost for proving shared services; and use tested change management models / frameworks to manage the process).