



# **BUSSINESS PLAN 2017/18**

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## FOREWORD

I have the pleasure to present the Annual Business Plan for the West Rand Development Agency (WRDA) for the period 1 July 2017 to 30 June 2018, which is developed in full alignment to the WRDM's five-year Regional Strategic Plan. In so doing, the WRDA considered both successes and challenges experienced in delivery against its strategic intent; and reflected extensively on its alignment to the national, provincial and local priorities reflected in the Growth and Development Strategy (GDS), the Medium Term Strategic Framework (MTSF) and the National Development Plan (NDP), with particular focus on the Outcome of "Decent employment through inclusive economic growth."

The Business Plan of the WRDA reflects an intent to contribute substantively as the economic development agent for the West Rand area by stimulating, facilitating, implementing and supporting economic development and job creation projects and initiatives. This intent will be supported through the leveraging and mobilisation of partnerships with both the public and private sector for the roll-out of sustainable and integrated economic infrastructure and development interventions.

The WRDA articulates a further critical role in contributing to the discourse on the nature of sustainable economic growth and development in the West Rand Region. To this end, the WRDA intends to actively participate as a facilitator of the West Rand Development Corridor programme.

In this Business Plan, the WRDA has revised and updated a roadmap to ensure the attainment of its 2017/18 goals and sets out high-level service delivery commitments and targets that will be used by the Board to monitor and oversee the organisation's performance during the financial year. Whilst building on certain achievements of the past, the Business Plan reflects a revised and aligned response to the realisation of the full mandate and strategic intent of the WRDA. In this regard, the WRDA is confident that it will enhance its capability and capacity and will continue with its on-going efforts to improve its governance systems and outcomes-based reporting during 2017/18.

I would like to take this opportunity to express the WRDA Board's commitment to support the organisation as it continues to concentrate on targeted service delivery to our region and its people through the performance focus and intent outlined in this Business Plan for 2017/18.

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**Mr. Terrence Mokale**

**Chairperson of the Board**

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**OFFICIAL SIGN-OFF**

It is hereby confirmed that this Business Plan for the West Rand Development Agency:

- was developed by the management team of the West Rand Development Agency under the guidance of the Board; and
- accurately reflects the performance targets which the West Rand Development Agency sets out to achieve given the resources made available in the budget for 2017/18.

**Recommended by:**

Mr. M Gaffane

Signature: \_\_\_\_\_

Chief Executive Officer

Date: \_\_\_\_\_

**Approved by:**

Mr. T Mokale

Signature: \_\_\_\_\_

Chairperson of the Board

Date: \_\_\_\_\_

## **ABBREVIATIONS AND ACRONYMS**

ABC	Activity-Based Costing
AG	Auditor-General
APP	Annual Performance Plan
BBBEE	Broad Based Black Economic Empowerment
BCP	Business Continuity Plan
BP	Business Plan
CAPEX	Capital Expenditure
CDW	Community Development Workers
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operations Officer
Coop	Cooperative
CRM	Customer Relationship Management
CSI	Corporate Social Investment
CWP	Community Works Programme
DDI	Direct Domestic Investment
DED	Gauteng Department of Economic Development
EAP	Employee Assistance Programme
EE	Employment Equity
EMT	Executive Management Team
EPWP	Expanded Public Works Programme
ERM	Enterprise Risk Management
FDI	Foreign Direct Investment
FET	Further Education and Training
GDP	Gross Domestic Product
GDS	Growth and Development Strategy
GSDF	Gauteng Spatial Development Framework 2030
GEDA	Gauteng Growth and Development Agency
GEGDS	Gauteng Employment, Growth and Development Strategy
GEP	Gauteng Enterprise Propeller
GEYODI	Gender, Youth, People With Disabilities

GGCR	Gauteng Global City Region
GIC	Gauteng Investment Centre
GPC	Gauteng Planning Commission
GTA	Gauteng Tourism Authority
HCD / M	Human Capital Development / Management
HR	Human Resources
IA	Internal Audit
ICT	Information and Communications Technology
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IGR	Inter-governmental Relations
IMS	Information Management System
IP	Intellectual Property
KPI	Key Performance Indicator
KRA	Key Result Area
LED	Local Economic Development
LM	Local Municipality
M&E	Monitoring and Evaluation
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MISS	Minimum Information Security Standards
MMC	Member of the Mayoral Committee
MOU	Memorandum of Understanding
MSA	Municipal Systems Act
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NGP	New Growth Path
NSDP	National Spatial Development Perspective
OHS	Occupational Health and Safety
OPEX	Operational Expenditure

PFMA	Public Finance Management Act
PMDS	Performance Management and Development System
POA	Programme of Action
PPP	Public & Private Partnership
PWD	People With Disabilities
R&D	Research and Development
SALGA	South African Local Government Association
SCM	Supply Chain Management
SDF	Spatial Development Framework
SDIP	Service Delivery Improvement Plan
SETA	Sector Education Training Authority
SLA	Service Level Agreement
SMME	Small, Micro and Medium Enterprises
SPLUMA	Spatial Planning and Land Use Management Act
TMR	Transformation, Modernisation and Re-industrialisation
TQM	Total Quality Management
USDG	Urban Settlement Development Grant
WRDA	West Rand Development Agency
WRDM	West Rand District Municipality

## 1. Background

The West Rand District Municipality (WRDM) is a Municipality as provided in Section 151 of the Constitution of the Republic of South Africa Act 1996 (Act No. 108 of 1996) "Constitution".

WRDM is a category **C** Municipality as envisaged in section 155(1) (c) of the constitution. Accordingly, **WRDM** has Municipal executive and legislative authority in an area that includes more than one Municipality.

The area of jurisdiction of WRDM includes the following municipalities:

- Mogale City Local Municipality.
- Merafong City Local Municipality
- Rand West City Local Municipality

The above three (3) Municipalities are category **B** Municipalities as provided for in Section 155 (1) (b) of the constitution and they share executive and legislative authority in their areas with WRDM.

### **Division of powers and functions between District and Local Municipality**

Section 84 of the Local Government Municipal Structures Act provides as follows:

84(1) A district Municipality has the following functions:

- a) Integrated development planning for the district municipality as a whole including a framework for integrated development plans of all municipalities in the area of the District Municipality;
- b) Potable water supply systems;
- c) Bulk supply of electricity which included for the purposes of such supply the transmission distribution and where applicable the generation of electricity;
- d) Domestic waste-water and sewage disposal system;
- e) Solid waste disposal sites in so far as it relates to:
- f) the determination of waste disposal strategy;
- g) the regulation of waste disposal;
- h) The establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one local municipality in the district.

- i) A municipal road that forms an integral part of a road transport system for the area of the district Municipality as a whole;
- j) Regulations of passenger transport services;
- k) Municipal airports serving the area of the District Municipality as a whole;
- l) Municipal health services
- m) Firefighting services the area of the District Municipality as a whole, which includes:
  - n) Planning, co-ordination and regulation of firefighting services;
  - o) Specialised firefighting services such as mountain, veld, and chemical fire services;
  - p) Co-ordination of the standardization of infrastructure, vehicle, equipment and procedures;
  - q) Training of fire officers.
- r) The establishment conduct and control of fresh produce markets and abattoirs serving the area of a major proportion of the municipalities is the district;
- s) The establishment, conduct and control of cemeteries and crematoria serving the area of a major proportion of the municipalities in the district;
- t) Promotion of local tourism for the area of the district municipality;
- u) Municipal public works relating to any of the above functions or any other functions assigned to the District Municipality;
- v) The receipt allocation and if applicable, the distribution of grants made to the District Municipality.
- w) The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the District Municipality”.**

However at national government level, the National Minister of Department of Cooperative Governance and Traditional Affairs has the power to authorize Local Municipality to perform the following functions<sup>1</sup>:

- a. Portable water supply;
- b. Bulk supply of electricity;
- c. Domestic waste-water and sewage disposal system;
- d. Municipal health services.
- e. Transfer of staff, liabilities, assets, rights obligations, records, by-laws and other administrative issues related to the functions will follow the authorization.

At the Provincial Government level, the MEC may authorize on a temporary basis and provided the Demarcation Board makes such recommendations, performance of the following functions<sup>2</sup>:

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<sup>1</sup> Section 84 (3) of the Local Government Municipal Structures Act, Act 33 of 2000

<sup>2</sup> Section 84 (3) of the Local Government Municipal Structures Act, Act 33 of 2000

- (1) Solid waste disposal sites in so far as it relates to the determination of a waste disposal strategy; the regulation of waste disposal; the establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one Local Municipality in the district.
- (2) Municipal roads that form an integral part of a road transport system for the area of the District Municipality as a whole; regulation of passenger transport; municipal airports serving the area of the District Municipality as a whole;
- (3) Firefighting services serving the area of the District Municipality as a whole that include planning, co-ordination and regulation of the firefighting services; specialized firefighting services such as mountain, veld, and chemical fire services; co-ordination of the standardization of infrastructure, vehicles, equipment and procedures; training of fire officers;
- (4) The establishment conducts and control of fresh produce markets and abattoirs serving the area of a major proportion of the municipalities in the district.
- (5) The establishments conduct and control of cemeteries and crematoria serving the area of a major proportion of the municipalities in the district;
- (6) Promotion of local tourism for the area of the district municipality;
- (7) Municipal public works relating to any of the above functions or any other functions assigned to the District Municipality.

## **2. The West Rand Development Agency (WRDA)**

The West Rand Development Agency (WRDA) was established/launched in October 2006 as a Municipal Entity (ME) of the West Rand District Municipality (WRDM).

The objectives and reasons for the establishment of the WRDA are described in the Service Delivery Agreement (SDA) between WRDM and WRDA as follows:

*“WRDA has been formed and incorporated as a Municipal Entity for the express and sole purpose of assisting the Municipality to achieve global standards of social and economic growth and development for all within the area of jurisdiction of WRDM”*

Since inception, the WRDA has been sluggish in effectively discharging of its mandate but the newly appointed board of directors will soon change that predicament. All strategic and operational plans have been reviewed to ensure that the agency achieves its investment and economic development goals in the West Rand Region.

To achieve this, the WRDA acts at all times in accordance with the legislative frameworks and policy guidelines developed by the 3 spheres of government. Furthermore, its activities are intended to support the Integrated Development Plans (IDP) adopted by the West Rand Municipalities. As stipulated in the Service Delivery Agreement (SDA) between the WRDA and the WRDM, the WRDA is compelled to work within the framework and limitations of the Growth and Development Strategy (GDS) of the WRDM and the Integrated Development Plan (IDP) of the WRDM. By association, the work of the WRDA is also informed by the IDP's of the three Local Municipalities (*i.e.* Merafong, RandWest and Mogale City). The six strategic priorities of the GDS of the WRDM are outlined in the figure below.



The table below summarises the roles and responsibilities of the WRDA:

RESPONSIBILITIES		ACTIVITIES
<p>WRDA will be responsible within the parameters of the IDP of WRDM for:</p> <ol style="list-style-type: none"> <li>1. Developing and implementing a detailed plan to achieve its goals</li> <li>2. The operational planning, management and achieving its objectives</li> <li>3. Managing its own accounting, financial management, budgeting, and generally complying in all respects with MFMA and other applicable legislation</li> <li>4. Investment and borrowing activities within a framework of transparency, accountability, reporting and financial control determined by WRDM subject to MFMA</li> <li>5. Attracting new business and promoting investment in all sectors of the local economy</li> <li>6. Promoting business retention and renewal, focusing where appropriate on area-specific regeneration initiatives</li> </ol>	<ol style="list-style-type: none"> <li>8. Enhancing inward investment into the local economy</li> <li>9. In respect of the local labour force, enhancing entrepreneurial skills, skills development and matching the skills of the local labour force with the local economic needs</li> <li>10. Providing strategic input to WRDM or any other institution on the development of infrastructure that will create a local environment which is conducive to local social, economic and business development</li> <li>11. Promoting and developing business efficiency and competitiveness</li> </ol>	<ol style="list-style-type: none"> <li>a) Identifying and prioritizing suitable projects for exploitation in close consultation with WRDM</li> <li>b) Feasibility testing of projects allocated to WRDA by the Municipality for this purpose and packaging these projects in an appropriate fashion for maximum exploitation</li> <li>c) Facilitating, implementing and management of projects and initiatives identified by the Municipality</li> <li>d) Investigating sourcing and applying appropriate financial resources for project implementation and effective service delivery, always within the parameters of the agreement with WRDM and in compliance with the MFMA and any applicable legislation.</li> <li>e) Facilitating the interaction and networking between and liaison with different economic stakeholders and communities through innovative communication channels</li> <li>f) Investment brokerage</li> <li>g) Dissemination of information that is accurate and designed to promote further investment and development and social benefits within the area of jurisdiction of WRDM</li> <li>h) Investment aftercare</li> <li>i) Leveraging local and other resources, especially resources of the WRDM and other government institutions where possible.</li> <li>j) Undertaking opportunity and market research on an ongoing basis to identify opportunities that can be exploited to achieve local social and economic development</li> <li>k) Facilitating and assisting the Municipality in the implementation of government programmes such as the Public Works Labour Intensive Programme</li> <li>l) Identifying and facilitating the formation and implementation of public private partnerships and joint ventures in the</li> </ol>

<p>7. Promoting the involvement and development of all tiers of business including SMME's, large businesses and other investors during project implementation and specifically in terms of the high priority sectoral clusters identified.</p>	<p>12. Providing strategic leadership where required</p> <p>13. Implementing projects identified in the LED, the IDP, where applicable from time to time</p> <p>14. Implementing the city development strategy, the CBD renewal initiatives and any other strategy or programme that the WRDM deems necessary from time to time.</p>	<p>implementation of relevant projects.</p>
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## 2.1 Vision

Building an integrated region with a diversified economy, creating new industries, new economic nodes and new cities.

## 2.2 Mission

To plan, implement, manage and facilitate development projects in an efficient and equitable manner

## 2.3 Values

WRDA's general guiding principles are based on the following values

- Accountability: to the shareholder and key stakeholders
- Good governance: Compliance with relevant Legislation and the King Code of Governance Principles (King III)
- Results-driven: Creation of value to both shareholders and our external stakeholders
- Empowerment: Through progressive procurement

## 3. Strategic goal(s)

The strategic goal of WRDA is to assist the WRDM to achieve its developmental mandate. The WRDM has adopted an integrated and seamless development planning strategy based on the following principle:

**“ONE REGION, ONE PLAN, ONE ACTION, ONE SYSTEM”**

The end goal is to achieve a coherent development for the entire district for purposes of creating a single united municipality by the year 2021. To this end, the Municipality has adopted a five-year development plan based on fourteen outcomes as follows:

1. Basic Service Delivery Improvement
2. Accountable Municipal Administration
3. Skilled, capacitated, competent and motivated workforce
4. Ethical administration and good governance
5. Safe communities
6. Educated communities
7. Healthy communities
8. Sustainable Environment
9. Build spatially integrated communities

10. Socially cohesive communities
11. Reduced unemployment
12. Economic development
13. Robust financial administration
14. Institutional planning and transformation

The above five-year plan is aligned to the National Development Plan (NDP) and the Gauteng Provincial Government's **Transformation, Modernisation and Re-industrialisation (TMR)** strategy.

### 3.1 The Bigger Picture

The Gauteng Provincial Government has developed the Gauteng Spatial Development Framework 2030 (GSDF) as required by the Spatial Planning and Land Use Management Act (SPLUMA)<sup>3</sup>. One of the key strategic outcomes of the GSDF is to provide:

- (i) Direction and parameters for addressing strategic issues in municipal Strategic Development Frameworks as well as aligning and integrating such frameworks.
- (ii) Directives for investment decisions by national and provincial sector departments.

To this end, the GSDF has divided the entire Gauteng into different development corridors in line with the **Gauteng City Region** plan as follows:

- Western Development Corridor: Anchored around West Rand for the creation of new industries, new economic nodes and new cities.
- Central development Corridor: Anchored around City of Johannesburg as a hub of finance, services, ICT and pharmaceutical industries
- Eastern Development Corridor: Anchored around Ekurhuleni Aerotropolis as a hub of manufacturing, aviation, logistics and transport industries
- Northern Development Corridor: Anchored around the City of Tshwane as a hub for automotive sector, research development, innovation and knowledge bases economy
- Southern Development Corridor: Anchored around Sedibeng area for the creation of new industries, new economic nodes and new cities.

#### a. The West Rand Development Corridor

The GSDF has determined that the West Rand Area should consider the socio-economic development in the following focus areas:

- An alternative and diversified economy with the creation of new industries, new economic nodes and new cities

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<sup>3</sup> Spatial Planning and Land Use Management Act, 2013 ( Act No. 16 of 2013)

- Focus on the green and blue economy initiatives, tourism, agro-processing and logistics
- Lanseria Airport and Maropeng World Heritage Site as the main anchors of a new city
- Inclusion of communities that were previously excluded from services and facilities through urban restructuring, regeneration and consolidation
- Functionally linking main growth centres to one another and to the regional economy of the Gauteng City Region
- A more consolidated settlement structure for cost effective and sustainable infrastructure

The following have been identified as key developmental challenges in the West Rand namely:

- Fragmented and declining towns and urban areas
- Decline in mining activity
- Environmental impact on mine dump
- Environmental degradation
- Housing backlog
- Infrastructure backlog

In view of the above development plans of both the Gauteng Provincial government as well as the WRDM, there is no need for the WRDA to reinvent the wheel and set other goals. Therefore, our strategic goal is to deliver on the above development goals in consultation with the Municipality and guided by the IDP of the WRDM. The Gauteng City Region (GRC) Corridor implementation programme provides guidelines as to how we in the West Rand may implement our development strategy as more fully explained in Table 2 below. Accordingly, WRDA has set itself the strategic principles and objectives for the medium term as contained in the table below.

Development strategy	Development focus	Development intervention
Building an integrated network	Activity spines and activity corridors	Position route R28 as development corridor linking the urban fabric from Mogale City to Westonaria  N14 and N12 routes represent the major east-west mobility corridor with the space economy of Gauteng Province
	Nodes, including major mixed-use nodes and CBD's  Major employment nodes and secondary nodes	The larger Lanseria node is a major catalytic intervention in the west. Development and investment should be managed to ensure integrated developments that are able to contribute to spatial transformation.  Direct urban renewal initiatives to CBD's that are declining such as Krugersdorp, Westonaria, Randfontein, Carletonville, Khutsong, Fochsville and Wedela, to ensure their survival and to capitalise on existing infrastructure and investment in these areas.

		<p>Development of secondary nodes to service and develop a hinterland economy in tourism, agriculture, agro-processing in Carletonville, Fochsville</p> <p>Randfontein, Tarlton, Magaliesburg and Hekpoort</p>
	Transportation linkages	The extension of the BRT to Krugersdorp
Capitalising on proximity	Intensification and densification lined to public transport and economic opportunities	<p>Capitalise on PRASA station refurbishment in Mogale City</p> <p>Transport hub development within the Lanseria node</p>
	Consolidation Zones	<p>Focus on the creation of sustainable, convenient and liveable residential neighbourhoods.</p> <p>Generally lower density residential except for higher density adjacent to public transport networks and local activity nodes e.g. Mogale City and Randfontein</p> <p>Areas between Randfontein and Mogale City should be utilised for infill development and densification</p> <p>Transitioning to green infrastructure to address ageing infrastructure and support ongoing consolidation</p>
	Township Renewal and urban integration Zones	<p>Township regeneration should focus on the creation of urban networks</p> <p>Urban Hubs and transportation networks should form the priority investment locations within townships in order to ensure the development of efficient and effective urban centres for the surrounding townships or cluster of townships.</p> <p>The location of urban Hubs must be aligned with public transport networks and should be in a location with the greatest degree of centrality and accessibility on neighbourhood level</p> <p>Aligned to township spatial reconfiguration and Urban Network Strategy</p> <ul style="list-style-type: none"> <li>- Allocation of space and support for SMME and light industry and</li> <li>- Centres for further education and training to advance township economy</li> </ul> <p>The Mining belt area around Mogale City and Randfontein is a priority area for integration into the existing urban fabric, detailed plans are required.</p>
Creating a viable and productive hinterland	Environmental Management Zones	Apply Gauteng Provincial Environmental Management Framework (GPEMF) High Control Zone with Urban Development Zone

Development strategy	Development focus	Development intervention
	Agriculture	<p>Support and development of West Rand and Emfuleni Agri-hubs in accordance with GDARD rural strategies</p> <p>Promote and enhance both large and small-scale agricultural and employ sustainable agricultural technologies and practices.</p> <p>Promote small-scale agriculture in closer proximity to secondary towns to support access to services and markets</p>
	Environmental conservation	<p>Investigate the possibility of legislating the GPEMF control zone as a “Green Belt” to protect the natural environment from urban expansion</p> <p>Protect sensitive areas such as ridges, wetlands and flood prone areas</p> <p>Rehabilitate degraded areas, in particular those mitigating the impacts of mining dumps and acid mine drainage on agriculture, tourism and human settlements</p>
	Tourism	<p>Promote and support Cradle of Humankind as the primary resource on the West Rand</p> <p>Gatsrand tourism resources to be developed and protected</p> <p>Strengthen Magalisburg as a tourism destination</p> <p>Identify opportunities along water resources for tourism and recreational potential</p>
High Level Considerations		<p>Lanseria initiation phase, concept planning and feasibility require prioritisation. City of Johannesburg and Mogale City to engage on integration particularly with regard to bulk infrastructure and services</p> <p>Address environmental issues related to mining activity in parallel with agricultural development to resolve conflicts and environmental health issues</p> <p>Human settlements with sustainable development principles</p>
Game Changer Programme		<ul style="list-style-type: none"> <li>- Township Economy Revitalisation through a Bus manufacturing plant, green manufacturing hub and Aquaculture</li> <li>- Smart initiative led by Gauteng E-Government</li> <li>- Zuurbekom Regional Sanitation Scheme</li> <li>- Lanseria integrated development plan/Lion Park</li> <li>- Bus manufacturing plant</li> <li>- Aquaculture</li> <li>- Maropeng</li> <li>- Waste to energy</li> <li>- Gauteng Energy Strategy</li> <li>- Bus/BRT extensions</li> <li>- West Rand Logistics hub</li> <li>- Mega Human Settlements: Chief Mogale, Leratong Witpoortjie, Kagiso Ext 13, Syferfontein, Westonaria Borwa, Thusanang, Wagterskop, Kokosi Ext 6, Kokosi</li> <li>- Mining town regeneration</li> </ul>

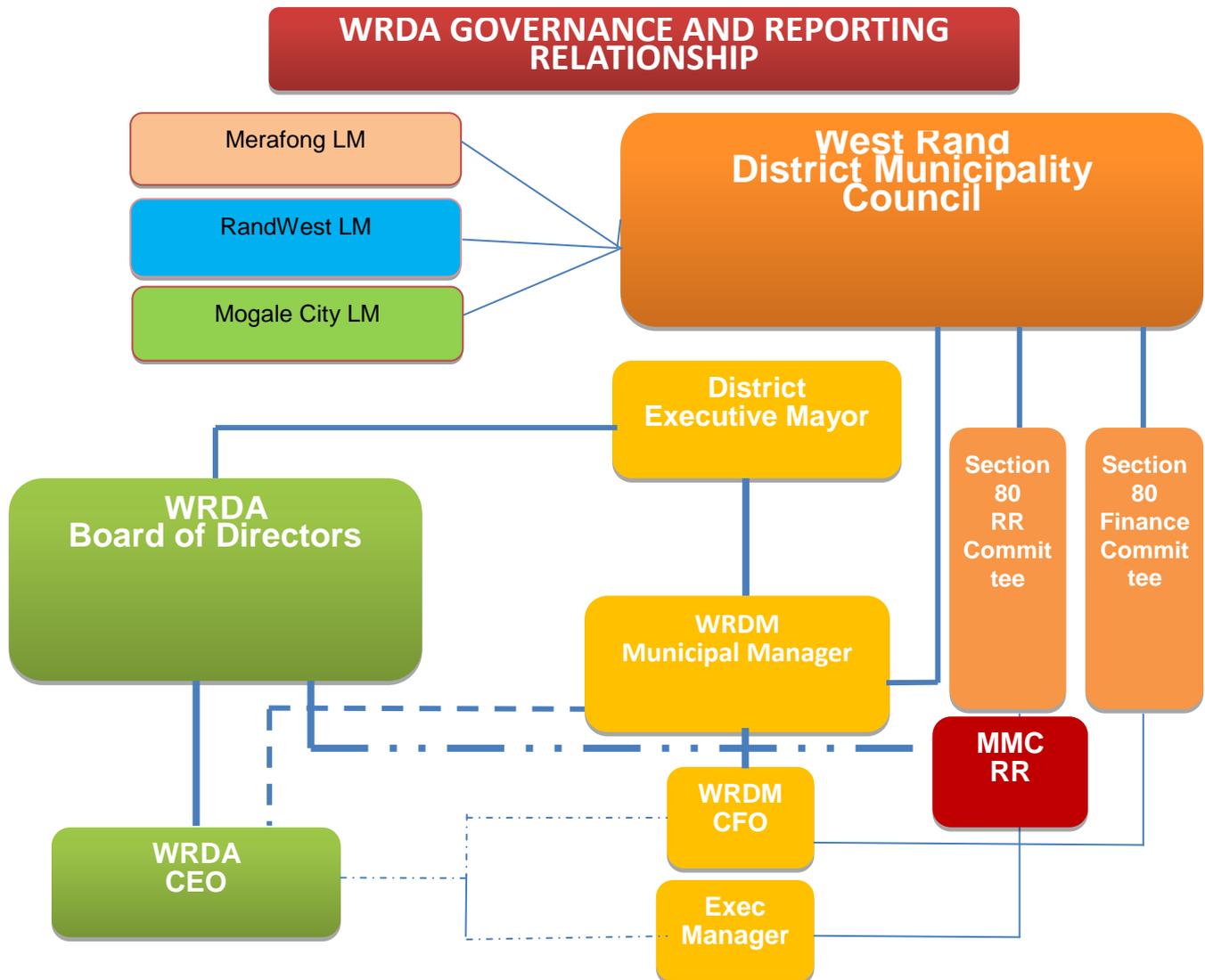
#### 4. The WRDA SWOT analysis

A situational analysis of WRDA's current operations highlights the strengths, weaknesses, opportunities and threats faced by the agency. The following SWOT table summarizes the status quo:

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Committed governance structure/board of directors</li> <li>• Appropriate company form</li> <li>• Economic development project facilitation funding (grants) readily available from other state institutions</li> <li>• Reviewed organization structure and commitment to capacitate the WRDA</li> </ul>	<ul style="list-style-type: none"> <li>• Weak management structure and capacity challenges (few key personnel)</li> <li>• Tarnished reputation (non-delivery) High management turnover</li> <li>• Work inefficiencies (blurred lines between strategic &amp; operational roles due to vacancies)</li> <li>• Limited operational budgets year-on-year, and inability to generate own revenue from operations</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Political support from shareholder</li> <li>• Appropriate stakeholder compact (Service Delivery Agreement with shareholder)</li> <li>• Project funding opportunities (external)</li> <li>• Gauteng Provincial commitment to implement the Western Development Corridor</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of scale and impact (investment attraction and retention)</li> <li>• Negative economic outlook and continued regional unemployment</li> <li>• Political risk (where applicable)</li> <li>• Failure to take advantage of new revenue generating opportunities presented by Western Corridor development projects</li> </ul>

## 5. Governance Arrangements

WRDA is accountable to the Department of Regional Re-Industrialisation via the MMC who exercise political oversight. The WRDA management is accountable for strategic and operational matters to the Board of Directors, which controls and maintains a fiduciary relationship with the company (refer to the diagram below).



\*  
MMC RR AND RPED EXECUTIVE MANAGER are Ex Officio on the WRDA Board of Directors

## 6. WRDA development focus

The WRDM is currently in the process of implementing the following Game Changer Projects:

1. West Rand Logistic Hub: A regional cross docking point estimated at R600 million and to create approximately 1000 jobs
2. Lindley Waste Water Treatment works: Estimated at R1,5 billion
3. West Rand Bio-gas to Energy project: Estimated at R16 million
4. Flip Human Biogas to Energy: Estimated at R19,2 million to create about 40 jobs
5. Solar Farm in Merafong City
6. Bio Energy Park in Merafong
7. Busmark, bus component manufacturing in Rand West City
8. West Rand MEGA Agri-Park in collaboration with Sibanye Gold

**NB.** The Municipality will be engaged to transfer the implementation of the said projects to WRDA

## 6. Organizational scorecard

### 6.1 Strategic Goal 1: Facilitate trade and investment promotion in the region

STRATEGIC OBJECTIVES / KPA	PERFORMANCE INDICATOR	Baseline 2015/16	Baseline 2016 / 17	Target 2017 / 18	Target 2018 / 19
6.1.1 Research for business intelligence	<ul style="list-style-type: none"> <li>• Research studies conducted (n)</li> </ul>	-	1	1	1
6.1.2 Investment promotion	<ul style="list-style-type: none"> <li>• Investment destination promotion campaigns conducted / participated in (n)</li> </ul>	-	1	2	2
	<ul style="list-style-type: none"> <li>• Investment agreements / MOU's facilitated (n)</li> </ul>	1	2	4	6
6.1.3 Trade promotion	<ul style="list-style-type: none"> <li>• Outward foreign trade missions / exhibitions participated in (n)</li> </ul>	-	1	2	2
	<ul style="list-style-type: none"> <li>• Local trade exhibitions conducted / participated in (n)</li> </ul>	1	1	1	1
6.1.4 Resource mobilisation <i>(Sourcing of funds, expertise, assets, social capital)</i>	<ul style="list-style-type: none"> <li>• Projects funded (n)</li> </ul>	1	2	2	2
	<ul style="list-style-type: none"> <li>• Training workshops facilitated (n)</li> </ul>	1	1	1	1

**6.2 Strategic goal 2:** Project facilitation & Management (Game-Changers)

STRATEGIC OBJECTIVES / KPA	PERFORMANCE INDICATOR	Baseline 2016/ 17	Target 2017 / 18	Target 2018 / 19
6.2.1 Strategic project / programme design facilitation (Conceptualisation, planning, screening, segmentation)	• Projects screened / filtered (n)	2	3	4
	• New projects opportunities identified (n)	2	4	4
	• Projects scoped (n)	2	4	4
	• Project feasibility assessments conducted (n)	2	4	4
6.2.2 Project implementation management  (Tendering, contractor management, project marketing, project handover)	• Projects completed within time (n)	1	2	2
	• Projects completed within budget (n)	1	1	2
	• Projects handed over (n)	1	1	2
	• Project evaluations conducted (n)	1	2	2

**6.3 Strategic goal 3:** Promote regional tourism & ensure optimal stakeholder relations

STRATEGIC OBJECTIVES / KPA	PERFORMANCE INDICATOR	Baseline 2016 / 17	Target20 2017 / 18	Target 2018 / 19
6.3.1 West Rand Tourism Promotion	<ul style="list-style-type: none"> <li>• Regional Tourism Organisation formed and roles and responsibilities to be performed in accordance with RTO Business Plan.</li> <li>• Incorporation and assistance to Local Tourism Associations</li> </ul>	0	1	-
6.3.2 Active stakeholder engagement / communication	• Stakeholder agreements / MOU's / SLA's signed (n)	3	3	3
	• Performance report against SLA's produced (n)	1	1	1
6.3.3 Relationship management	• Government mandatory forums attended (n) (all spheres)	2	2	2
	• Board engagements with shareholder (n)	4	4	4

**6.4 Strategic goal 4: Ensure business excellence within the WRDA**

STRATEGIC OBJECTIVES / KPA	PERFORMANCE INDICATOR	Baseline 2016 / 17	Target 2017 / 18	Target 2018 / 19
6.4.1 Corporate governance  <i>(Risk management, compliance management, governance support, social and ethics management)</i>	<ul style="list-style-type: none"> <li>Financial reports provided to board (n)</li> </ul>	4	4	4
	<ul style="list-style-type: none"> <li>Policies developed / reviewed (n)</li> </ul>	1	1	1
	<ul style="list-style-type: none"> <li>Board meetings (n)</li> </ul>	4	4	4
	<ul style="list-style-type: none"> <li>Board sub-committee meetings (n)</li> </ul>	3	3	3
	<ul style="list-style-type: none"> <li>Annual report produced (n)</li> </ul>	1	1	1
	<ul style="list-style-type: none"> <li>Mid-term report produced (n)</li> </ul>	1	1	1
	<ul style="list-style-type: none"> <li>ICT governance report produced (n)</li> </ul>	1	1	1
	<ul style="list-style-type: none"> <li>Management letter action plan produced (n)</li> <li>Internal audit conducted (n)</li> </ul>	1	1	1
6.4.2 Business management / leadership  <i>(Strategic positioning, business performance management, monitoring and evaluation, business culture development, corporate communication)</i>	<ul style="list-style-type: none"> <li>Corporate image survey conducted (n)</li> </ul>	-	1	1
	<ul style="list-style-type: none"> <li>Organisation structure reviewed (n)</li> </ul>	1	1	1
	<ul style="list-style-type: none"> <li>Strategic plan developed / reviewed</li> </ul>	1	1	1
	<ul style="list-style-type: none"> <li>Annual performance plan developed / reviewed</li> </ul>	1	1	1
	<ul style="list-style-type: none"> <li>WRDA business performance report produced (n)</li> </ul>	1	1	1
6.4.3 Resource management  <i>Human resource management</i>	<ul style="list-style-type: none"> <li>Approved positions filled (%)</li> </ul>	75	+80	+80
	<ul style="list-style-type: none"> <li>Performance review frequency (n)</li> </ul>	4	4	4
	<ul style="list-style-type: none"> <li>Personnel training report produced (n)</li> </ul>	1	1	1
	<ul style="list-style-type: none"> <li>Employment equity targets met (%)</li> </ul>	15	20	25
<i>Financial management</i>	<ul style="list-style-type: none"> <li>Annual budget prepared (n)</li> </ul>	1	1	1

	<ul style="list-style-type: none"> <li>• SCM reports produced (n)</li> </ul>	12	12	12
	<ul style="list-style-type: none"> <li>• Asset register report produced (n)</li> </ul>	4	4	4
<i>ICT management</i>	<ul style="list-style-type: none"> <li>• ICT report produced (n)</li> </ul>	4	4	4
<i>Information / knowledge management</i>	<ul style="list-style-type: none"> <li>• Web site update frequency (n)</li> </ul>	4	4	4

## **7. Capacity considerations**

The WRDA has the following major challenges:

- Financial viability: the WRDA is currently wholly dependent on the operational grant from the WRDM, its shareholder
- The WRDA needs to secure a capital budget allocation year-on-year to implement identified capital projects (game-changes projects within the Western Development Corridor), thus taking advantage of the envisaged 5% development fee (revenue) for purposes of funding its operational costs. This will not necessitate an increase in the year-on-year shareholder grant. Project management ability: There is currently a lack of suitably qualified and experienced professional staff to execute the implementation of development projects.

To address these challenges, the WRDA has negotiated with the WRDM to take over and implement capital works projects undertaken by the Municipality and levy a minimum of 5% as a development management fee.<sup>4</sup> The Agency will have to determine how to obtain the capacity going forward to be able to implement the capital works projects. The following interventions are proposed:

- The Finance as well as the Regional Planning and Economic Development departments of the WRDM would be assigned to provide support functions and project management to WRDA through staff secondments
- The WRDA needs to restructure the current staff complement of the WRDA (e.g. the general workers absorbed from the plastic recycling project)

## **8. Communication and stakeholder management**

Stakeholder management is a critical component in the work carried out by the WRDA in the West Rand. The WRDA's stakeholders include the WRDM, West Rand Local Municipalities, the various national and provincial government departments and parastatals, the broader West Rand business community, institutions of higher learning and most importantly, the West Rand community being served by the WRDM and the WRDA.

Communication with all stakeholders is key when planning development projects such as those envisaged for implementation within the Western Development Corridor. The meaningful engagement of the public in all aspects of development initiatives cannot be over-emphasized since public input in how development projects are shaped (i.e. local development context) can mean the difference between success and failure of well-intended (community) development interventions. Various forms of engagement should therefore be employed by the WRDA to reach out to the identified stakeholders.

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<sup>4</sup> The Johannesburg Development Agency has the same arrangement with the City of Johannesburg Metro

## 9. Implementation Plan

The Gauteng Province Treasury has allocated a budget for the Western Development Corridor over the 2017 MTEF as follows<sup>5</sup>:

- Budget of R127 million towards projects to be implemented within the Development Corridor
- Of the allocated budget, R2 million is allocated for the rehabilitation and refurbishment of existing facilities,
- R89 million is allocated for the provision of new infrastructure
- R36.6 million is allocated for the maintenance and repair programme

The WRDA is currently investigating possibilities of accessing the MIG funding as well as the Urban Settlement Development Grant (USDG) for the West Rand during the 2017/18 financial year and beyond.

The projects below will be investigated by the WRDA during 2017/18 as part of its commitment to partaking in the Western Corridor Programme:

No.	Priority Projects	Current Status	Target Implementation for	Budget	
				Allocated	Projected
1.	<b>West Rand Logistics Hub</b>	Feasibility study	2017/18-2018/19	-	R600million
2.	<b>Lindley Waste Water Treatment</b>	Not yet commissioned	2017/18 - 2019/20	-	R1,5 billion
3.	<b>West Rand Biogas to Energy</b>	Not yet commissioned	2017/18 - 2019/20	-	R16 million
4.	<b>Human Biogas to Energy</b>	Not yet commissioned	2017/18 - 2019/20	-	R19.2 million
5.	<b>Solar Farm in Merafong</b>	Transaction Advisor appointed	2017/18 - 2019/20	-	Not yet determined
6.	<b>Bio Energy Park in Merafong</b>	Transaction Advisor appointed	2017/18 - 2019/20	-	Not yet determined
7.	<b>West City Heavy Commercial Hub (Includes the Bus Component Manufacturing)</b>	Transaction Advisor appointed	2017/18 - 2019/20	-	Not yet determined
8.	<b>West Rand Mega Agri-Park</b>	Transaction Advisor		-	Not yet determined

<sup>5</sup> See Gauteng Province Estimates of Capital Expenditure 2017

No.	Priority Projects	Current Status	Target Implementation for	Budget	
				Allocated	Projected
		appointed			
9.	<b>Land Regularisation: WRDM</b>	Not yet commissioned	Not yet determined	-	-
10.	<b>ICT Park: Lanseria</b>	Feasibility Study	2017/18	-	R600 000
11.	<b>Medical Industrial Park: Mogale City</b>	Not yet commissioned	Not yet determined	-	-

## 10. BUDGET SUMMARY 2017/18

REVENUE SOURCE	AMOUNT
WRDM grant <sup>6</sup>	R 4 392 000
IDC grant <sup>7</sup>	R 2 100 000
Donaldson Dam	R 160 000
Interest	R 14 000
Development fee <sup>8</sup> (Provincial Government Projects)	R 6 300 000
<b>TOTAL REVENUE</b>	<b>R12 966 000</b>
EXPENDITURE	AMOUNT
Employee-related costs	R 2 680 000
Remuneration of directors	R 640 000
Depreciation & asset impairment	R 400 000
Materials & bulk purchases	R 350 000
Contracted services (creditors: security, office rental)	R 1 400 000
Professional services	R 2 100 000
<b>TOTAL EXPENSES</b>	<b>R 7 570 000</b>

<sup>6</sup> As budgeted for by WRDM

<sup>7</sup> The Industrial Development Corporation (IDC) conditional grant (remainder of the total R4million grant approved by the IDC)

<sup>8</sup> Assuming that the WRDA succeeds in securing the development right for game-changer projects in the Western Corridor. The project development fee is estimated at 5% of total project development cost. The 2017/18 estimate is conservative as most Western Development Corridor projects are in the feasibility phase.

## **11. RISK MANAGEMENT PLAN**

The WRDA utilises the services of the Audit and Risk Committee to monitor risk, except for project specific risks which are dealt with at Economic Development and Investment Committee. The Economic Development and Investment Committee's responsibility is to evaluate development proposals and making recommendations to the Board for approvals via the Audit and Risk Committee. This entails examining risks associated with the proposed projects such as the risk financing, risk returns and risk profiles; but primarily the Committee is accountable to ensure that, there is an effective risk management process and system within the organisation. This does not relieve the WRDA Board of its accountability and responsibility in ensuring that, an adequate and effective risk management system and process is in place, as it is its duty to exercise duty of care, skill and diligence identifying, assessing and monitoring risks as presented by the Audit and Risk Committee. It recommends to the Board risk strategies and policies that need to be set, implemented and monitored.

WRDA's risk management strategy is guided by the principles of the enterprise-wide risk management system in terms of which all identified risk areas are managed systematically and continuously at the departmental level. The WRDA has a risk register in place which is treated as a working risk management document of which the identified risks are constantly recorded and properly managed. The WRDA's management monitors and evaluates the implementation and efficiency of management's controls and such actions identified as actions to improve current controls in the risk registers.

The WRDA provides its risk management reports to the WRDM's Audit Committee. The Audit Committee assesses all risk affecting the WRDM and its municipal entities in a holistic manner and provides advice and recommendations to the City Manager and Council on the general effectiveness of risk management processes within the entire WRDM.

It is the philosophy of the WRDA that risk must be managed holistically and constantly by all departments and divisions. All strategic risks are owned by the CEO and are identified and reviewed by the members of the Executive Committee, assisted by the Heads of Department, through an annual workshop. The management and mitigation of operational risks is the responsibility of the respective members of the management team.

The WRDA has adopted the use of a Strategic Risk Register and an Operational Risk Register which are treated as working risk management tools. The WRDA's management team monitors and evaluates the implementation and efficiency of controls and actions identified to improve current controls in the risk registers.

The registers reflect those key business risks that need to be managed at a corporate level, which, if not managed appropriately, could result in the WRDA failing to achieve one or more of its key objectives, suffer financial loss, or reputation damage. The contents of the Risk Registers are reviewed at least annually to ensure their contents reflect current priorities and circumstances.

### **11.1 Risk Management Process**

Risk identification and assessment is an on-going process. The WRDA conducts an annual strategic and operational risk assessment workshop. This process is supported by an on-going risk management process at departmental level as mentioned below and all staff are encouraged to take ownership of risk.

The Risk Identification and Assessment process involves the following seven steps:

Step 1: Gathering of information

Step 2: Confirmation of Objectives

Step 3: Risk Identification

Step 4: Potential Root Causes

Step 5: Current Controls

Step 6: Action Plans

Step 7: Risk Assessment

The Risk assessment is performed through the following process:

- Firstly, the inherent risk is assessed to establish the level of exposure in the absence of deliberate management actions to influence the risk;
- Secondly, a residual risk assessment is performed to determine the actual remaining level of risk after the mitigating effects of management actions to influence the risk; and

### **11.2 Strategic Risk Register**

The WRDA's risk management strategy is guided by the principles of the enterprise-wide risk management system. The WRDA's strategic risk register is treated as a working document. Identified risks are recorded and the management thereof is constantly monitored. Management monitors and evaluates the implementation and efficiency of controls.

Effective risk management is fundamental to the WRDA's business activities. The organisation is committed to achieving its strategic goals and increasing shareholder value by facilitating, developing and implementing infrastructure projects on behalf of the West Rand District Municipality. The WRDA seeks to achieve an appropriate

balance between risk and reward in the business. It continues to build and enhance the risk management capabilities that assist in achieving its goals in a controlled environment.

The WRDA conducts an annual strategic risk assessment workshop to ensure that there is a link between risk management and the business planning processes.

**12. MANAGEMENT AND ORGANISATIONAL STRUCTURE**

The proposed WRDA organizational structure seeks to maximize the execution of the entity’s service delivery mandate as defined by the shareholder. Additionally, the re-alignment of the organizational structure follows the shareholder’s renewal of the governance structure (i.e. the appointment of a new board of directors during quarter 3 of the 2016/17 financial year). The re-aligned governance and management structures are therefore a critical step in ensuring that the WRDA’s operations are in sync with the shareholder’s service delivery expectations. To this end, the performance of the WRDA’s Accounting Officer will also be aligned to that of the WRDM’s senior management personnel going into the 2017/8 financial year and beyond. The WRDA’s business units have therefore been rationalized to reflect this new service delivery expectation.

**12.1 Business Units**

The short-to- medium term proposal to restructure the WRDA follows the assumption that there will be distinct business units driving the agency’s operations namely:

<b>BUSINESS UNIT</b> (high-level )	<b>TYPE</b>
Tourism Promotion	Core
Investment facilitation	Core
Game-changer projects (Western Development Corridor)	Core
Agriparks	(WRDM coordinated)
Economic Revitalization (Enterprise Development (SMME’s/Co-Operatives)	(WRDM coordinated)
Corporate services*	WRDM Support (HR & Legal)
Financial services* (incl. Supply Chain Management Services)	WRDM Support (Finance)

\* Possible shared-services model for non-core units (WRDA and WRDM)

A phased migration of the WRDM's Tourism unit/function is suggested for the period commencing on 01 July 2017. This migration will be preceded by a process of consultation(s) with the affected employees and their labour representatives. The basic principle is that there would be no amendment of conditions of service for the affected staff, and that they will continue to be paid by the WRDM.

The second WRDA capacitation phase involves the collapsing of Local Economic Development (LED) functions from local municipalities (as per the shareholder's directive) into the WRDA. The LED functions (e.g. Game changer projects within the **Western Development Corridor**) across the region need to be collapsed into the WRDA effective from 1 July 2017, again subject to consultation with the affected LED units and an audit of personnel, function and budgets. The principle behind this move is to strengthen the WRDA's capacity to deliver on its set mandate and planned service delivery outcomes focused on regional impact.

It is also proposed that for the 2017/18 financial year commencing on 1 July 2017, the WRDM: Department Regional Planning and Re-industrialisation assists the WRDA in terms of project management capacity. These activities will specifically focus on admin and technical support towards the tourism functions as well as the migration of Game Changer projects currently being attended to by the Department.

## 12.2 Organisational structure 2017/18

