



Sekhukhune Development Agency **Annual General Meeting >>>>>>>**

Resource pack

- Annual Report 2016/2017
- * Annual Financial Statements 2016/2017
- * Auditor-General's Report 2016/2017

Strategic Plan 2017/2018 - 2019/2020



BOOK 1:

Annual Report 2016/2017



BOOK 1:

Strategic Plan 2017/2018 - 2019/2020





ANNUAL REPORT

2016/2017

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Foreword

The Financial year 2016/17 was marked and characterised by its high and low peaks. The year started with a clear focus on rolling out the programmes as expressed and identified in the IDP and operationalised by the SDBIP.

There was adequate institutional energy and enthusiasm to match pound to pound with the task at hand. However, the realities are that this good intention did not go without setbacks.

The resignation of board members and staff turnover are just but some of the incidents which represent such setbacks.

However the election of the 4th council Sekhukhune following the local government elections in August 2016 injected new life in the Agency. The new Council prioritised the appointment of SDA Board which was finalised in March 2017. The new Board has brought about governance stability, leadership and enhanced oversight on the operations of the agency.

The Agency has over the past years faced a mammoth challenge of struggling to forge strategic partnerships and attracting funding for its projects and programmes.

Beside the assistance from Industrial Development Cooperation (IDC) and seed funding from the parent municipality, the Agency has no other source of revenue. The new Board has since prioritised this area for the ensuing financial year.

The Agency wishes to applaud the roles played by various oversight authorities in shaping its future outlook. These oversight authorities includes and are not limited to the following: Municipal Council, Mayors, Magoshi, Audit and Performance Committee, Risk Committee, Section 79 & 80 Municipal Public Account Committees (MPAC) and of critical importance the Performance Audit Committee.

Mr Kgopelo Phasha
Acting CEO



Mr Kgopelo Phasha
Acting CEO of SDA

1. Introduction

Below is an outline of the structure for 2016/2017 SDA annual performance report

Sekhukhune Development Agency (SDA) herein presents annual report for 2016-2017 financial year. The annual report is a statutory requirement for all municipal entities in South Africa, primarily to report on performance during the year under review, guided by Municipal Finance Management Act (MFMA). Circular 63 of 2012, contents of this annual report are set out as below:

- 1. Introduction**
- 2. Governance;**
- 3. Project undertaken;**
- 4. Organisational Development Performance;**
- 5. Financial Performance;**
- 6. Auditor General's Findings;**

Appendices

However, this introductory chapter begins by presenting the legislative background, mandate, projects undertaken and financial sustainability, and a summary of the annual report process.

1.1 Legislative Framework for Annual Reporting

Section 121 (1) provides that "every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this chapter. The council of a municipality must within nine months after the end of the financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

Section 121 (4) provides that an annual report of the municipal entity must include-

- (a) Annual financial statements of the entity
- (b) Auditor-General's report
- (c) Performance against measurable objectives
- (d) Audit action plan
- (e) Recommendations of audit committee

1. Introduction

Section 127 (1) provides “the accounting officer of a municipal entity must, within six months after the end of the financial year or on such earlier date as may be agreed between the entity and its parent municipality, submit the entity's annual report for that financial year to the municipal manager of the entity's parent municipality”

Section 127 (2) “the mayor of a municipality must, within seven months after the end of the financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control”



1.2 Mandate

1.2 Mandate of Sekhukhune Development Agency (SDA)

The mandate of Sekhukhune Development Agency is captured in the 'By-law for establishing and operating Sekhukhune Development Agency' which was published in the Provincial Gazette Extraordinary no. 1863 dated 4 November 2010.

1.2 Mandate

In terms of the By-law, the following are the **five strategic objectives** of SDA:

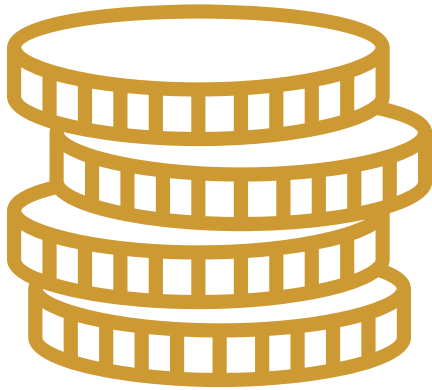
- To act as an engine for economic growth by diversifying and expanding the SDM economic base
- To secure a stable and sustainable financial base for the future development of the Agency
- To initiate, identify and implement high impact economic development projects
- To develop businesses that create sustainable job opportunities
- To source funds for economic development concepts and convert these into projects aimed at transforming the district into the first economy

Based on the above five strategic objectives, Sekhukhune Development Agency has to ensure that the projects and programmes that are identified on an annual basis are aligned to the strategic objectives. The operations of SDA must also be informed in the same vein.

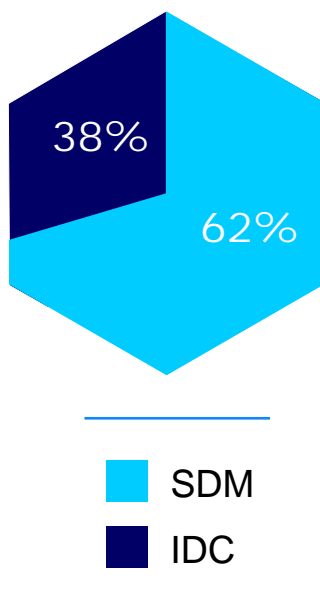
More importantly, the strategic objectives must inform the planning, implementation, monitoring as well as review of the SDA Programmes. The annual performance agreement between SDA Chairperson and Executive Mayor should also mirror the same strategic objectives.



2. Financial Overview



Revenue SDA
2016/2017



2.1 Assets

In the 2016/2017 financial year, the net assets for Sekhukhune Development Agency stood at R1 447 717 as compared to the net asset position of R1 541 741 in 2015/2016 financial year. The main contributor of the assets is a property (land) that was donated by Sekhukhune District Municipality which is referred to as portion 1 of Erf 488 Groblersdal Extension 5. The property is zoned as public open space (park) which means it can only be used as such. The value of the land is R900 000.00 in the 2014/2015 financial year.

2.2 Revenue

The total revenue for Sekhukhune Development Agency in the 2016/2017 financial year stood at R4 479 471 and compared to R 3 833 596 in the 2015/2016 financial year.

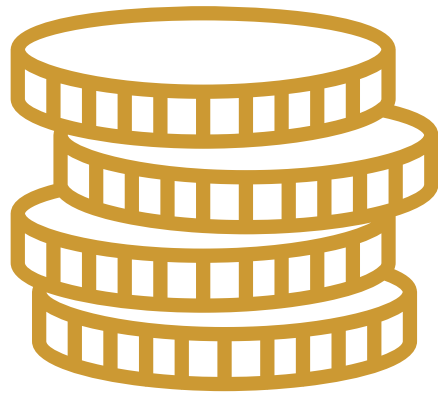
Revenue coming from Sekhukhune District Municipality (which is a government grant) amounted to R3 068 195 in the 2016/2017 financial as compared to R2 907 641 in the 2015/2016 financial year. Industrial Development Corporation (IDC), which is also a government entity, contributed the amount of R 1 888 098 towards Sekhukhune Development Agency (SDA) which was a rollover from the 2015/2016 financial year.

2.3 Liabilities

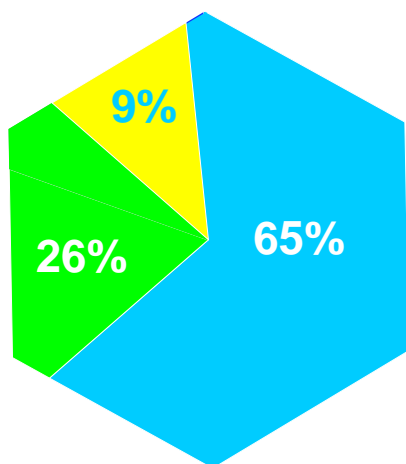
Sekhukhune Development Agency is sitting with liabilities amounting to R 1 238 983 in the 2016/2017 financial year as compared to liabilities of R2 622 434 in the 2015/2016 financial year. The liabilities relate to three main items;

- ? Unspent conditional grant from Industrial Development Corporation amounting to R2 307 303
- ? Trade and other payables amounting to R343 797 which is in the main staff leave (R214 500) and accrued expenses (R41 560) and other sundry creditors R 87 737.

2. Financial Overview



Expenditure
2016/2017



- EMPLOYEE COSTS
- GENERAL EXPENSES
- OTHER EXPENSES

Employee Costs 65%
General Expenses 26%
Other Expenses 9%

2.4 Expenditure

The total expenditure incurred by Sekhukhune Development Agency in the 2016/2017 financial year stands at R4 600 250 as compared to R4 668 011 in the 2015/2016 financial year. Employee costs that were incurred in the 2016/2017 financial contributed to R2 995 419 as compared to R1 904 586 in 2015/2016 financial year. Payment for members of the SDA Board that were incurred in the 2016/2017 amounted to R304 760 as compared to expenditure of R20 381 in the 2015/2016 financial year. The increase in expenditure on board fees is attributable to the appointment new board in March 2017 and subsequent board meetings and subcommittee meetings held.

General expenses for SDA in the 2016/2017 financial year amounted to R1 194 806 as compared to R2 523 416 in the 2015/2016 financial year. There are five main areas in the general expenses that were spent in the 2016/2017 financial year;

- ? An amount of R389 494 was spent on travelling and accommodation
- ? An amount of R291 308 was spent on audit fees (Auditor General)
- ? An amount of R97 000 was spent on training and workshops (CPMD)
- ? An amount of R166 667 was spent on Accounting fees

An amount of R 83 427 computer technology improvements

3. Governance

3.1 Sekhukhune Development Agency Board

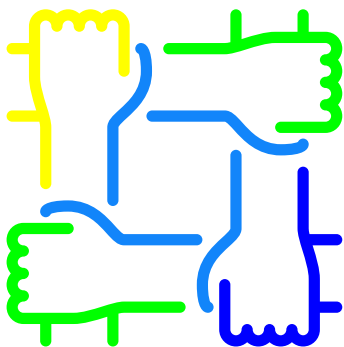
The By-law for establishing SDA read together with the Shareholder's Compact makes provision for establishment of the SDA Board. SDA Board is the highest decision making structure and it reports to the Executive Mayor of the parent municipality who then reports to Council.

The following are the SDA Board members in the 2016/2017 financial year:

Mr. Oupa Nkoane (Chairperson)
 Ms. Seipati Tlaka (Board Member)
 Mr. Stephen Masemola (Board Member)
 Ms. Mercia Blake (Board Member)
 Mr. Madulo Mampuru (Board Member)

The following are the shareholder Representatives:

Cllr. Nkosi (MMC Planning and Economic Development)
 Ms. Molatelo Mabitsela (Director Planning and Economic Development)



Sekhukhune
Development
Agency Board



Board Profiles



Mr Dithabe Oupa Nkoane Board Chairperson (Resigned in February 2018) served the board from March 2017 – February 2018 (one year).

His qualifications include Bachelor of Arts: Development Studies; Bachelor of Arts Honours in Development Studies; Higher Diploma in Development Planning; Master's Degree Town & Regional Planning. His areas of expertise comprise Economic Development, Policy making, Agricultural development, Corporate governance, Local development, Project Management, Business Development and Planning Development.



Ms Maidibale Seipati Tlaka was appointed as the Deputy Chairperson in March 2017 till present (16 months). Her academic accolades include Bachelor of Arts Degree; Degree Honours in Sociology; Degree MA Organisational System; Certificate in Monitoring And Evaluation; Senior Management Programme. Her expertise include Financial management; Business Development; Project Management; Corporate Governance; Tourism Marketing and Policy Making.



Ms Frederica Mercia Blake was appointed in March 2017 till present (16 months). She is the renowned Master Practitioner in Real Estate; First Aid; Basic Ambulance Assistant; Designing Goldsmith and Jeweler. Her areas of expertise are Real Estate, Project Management; First Aid; Agricultural Development and Business Development.



Mr Madulo Hlapi Mampuru was appointed in March 2017 till present (16 Months) as a board member. He holds qualifications in commerce, education and economics. This include B.Com (Agric); · B . C o m Honours (Economics); Higher Education Diploma; · Master's of Business Administration (MBA); Certificate Business Economics. His areas of expertise are Project Management, Business Development, Corporate Governance, Economic Development and Local Business Development.

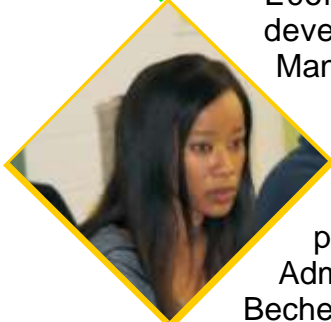


Mr Morwamokoena Stephen Masemola was appointed to the board in March 2017 till present (16 months). His qualifications include Bachelor of Agriculture administration; K Birch Veterinary Programme; Effective Labour Management. His areas of expertise include Agricultural and Rural Development, State Land Development, Project Management, Land Reform and Policy Making.

SDA Staff Profiles



Mr Kgopelo Lucas Phasha Seconded from the Parent Municipality to serve the Agency since September 2017 (09 Months) to serve as Acting Chief Executive Officer. His qualifications include National Diploma in Agricultural Economics; B-Tech Degree Public Management; Postgraduate Diploma in Development Management; Advanced Certificate in Local & Regional Economic Development; Currently studying Master's Degree in Public Administration: Local Economic Development, Policy, Research and Governance with University of South Africa. His areas of expertise include Economic Development, Policy making, Management, Agricultural development, Corporate governance, Local development and Project Management.



Ms Shirely Lubisi is the receptionist for the agency since 01 July 2016 and her areas of expertise include presentation skills, facilitation skills, report writing skills, Communication, Budget Management and Microsoft office packages. Her qualifications include Advanced Diploma in Public Administration, Certificate in Economic Development and currently studying Bachelor of Public Administration Honours.



Adv. Unarine Sandra Tshikovhi is the Board Secretary of SDA since 01 July 2016. She holds Baccelerus Legum (LLB Degree); Master's degree in Management and Development Law (LLM); Postgraduate Certificate in Municipal Finance & Supply Management (CPMD); Currently studying with CSSA (Chartered Secretaries of Southern Africa). Her areas of expertise include Legal Advisory & Research, Legal Drafting, Corporate governance and compliance, Corporate administration, Contract Management and Project Management.



Ms Makobo Mahlatse Shaibu was appointed as the Financial Manager of the agency on 01 July 2016. She holds qualifications in municipal finance and management accounting including Bachelor of Commerce in Accounting Degree; Postgraduate Certificate in Municipal Finance & Supply Management (CPMD); Certificate in Enterprise Growth Development; Certificate Quality Management Systems; Currently studying B-Tech Project Management; Currently studying Diploma in Management Accounting (CIMA). She stands out for her expertise in financial management, project facilitation and as a Business Advisor.



Ms Elizabeth Kubuzie was seconded to the Agency in November 2011 and officially appointed by the Agency in March 2017 as Project Coordinator. She holds qualifications in Higher certificate Local Government, Development and Management, Bachelor of Public Admin and B-Tech Project Management. Her areas of expertise include Project Management, Project facilitation and Project administration.



Ms Thalitha Makhura-Kgoete was appointed as the General Worker on 01 June 2012. In her five year experience in SDA she sharpened her expertise in Office Administration and she holds a Management Assistant Certificate.

3. Governance

BOARD MEETINGS HELD					
No. of Meetings	2012/13	2013/14	2014/15	2015/16	2016/17
	04	04	02	02	05
AGM	01	01	0	0	Due in June 2018

The term for the current Board members runs from the 1st March 2017 to the 29th February 2020.

3.2 Strategic Planning Session

The new Board of the Agency held its strategic planning over a two and a half day session in Groblersdal on the 27th – 29th April 2017 wherein a strategic plan for the 3 year term was deliberated and later approved. (See copy of the strategic plan as appendix C).

3.3 Audit and Risk Committee

Sekhukhune Development Agency makes use of the services of the Sekhukhune District Municipality Audit Committee and Performance Audit Committee as per the shareholder's compact.

The Members of the Audit Committee are as follows appointed on the 01 April 2017):

Mr. L. Langalibalela (chairperson)
 Mr. M Mokwele
 Ms. G Molepo
 Ms. T Mathabathe
 Ms. M. Ndlovu

The audit committee members should meet 4 times per annum as per its approved terms of reference. During the current year four meetings were held and the members attended as follows:

Name of member	Number of meetings attended
Mr. L Langalibalela (Chairperson)	5
Mr. M Mokwele	2
Ms. G Molepo	2
Mr. T.Mathabathe	2
Ms. M Ndlovu	1

3. Governance

3.4 Forensic Audit Progress on Hawks Fraud case Instigation

The Council in its sitting of 18 December 2015 resolved to undertake a forensic Audit on the entity. This exercise has been completed and the turn-around action plan has been developed. SDA has opened a criminal case with SAPS Groblersdal and the case has been transferred to HAWKS Polokwane Regional Office.

Investigations are still ongoing and administration is in contact with the responsible officer captain Mpati. Case number 153/05/2015.

3.5 Auditor-General Outcomes

2012/13	Qualified
2013/14	Unqualified
2014/15	Disclaimer
2015/16	Unqualified
2016/17	Unqualified

4. Projects Undertaken

Projects undertaken in the 2016/17 financial year:

Agriculture				
Project Name	Project Description	Status	Budget/ Projected Investment	Outcomes
Groblersdal and Steelpoort Precinct Plan	Development of plans to stimulate growth in the 2 towns	*Project stalled *TOR's developed *Draft research studies in place d	R 00	Economic growth and job creation
Schuinsdraai and Potlake Reserves Business Plans	Business plans for attraction of investors into game reserve, leisure and hospitality	*Business plans developed. *Project stalled due to community ownership issues as well as IGR related challenges	R 00	*Economic growth and job creation
Mining and Social Labour Plans	*Monitoring of SLP's* facilitation of mining-community engagements	*2 engagements held with DMR to revive task team *projects for SPP identified	R00	*Economic Growth and job creation
Agri-park	Grain Processing, Packaging, Poultry Processing, Fruits and Vegetable Processing	Business Plan approved by Department of Rural Development	Funded by DRDLR& LDA	*Poverty alleviation and job creation
Village Retailers	Development of village retailers	Project stalled	R 00	Job creation

5. Agency performance

In the 2016/2017 financial year, Sekhukhune Development Agency set 5 targets for the year. At the end of the period 1 target was achieved compared to 4 targets that were not achieved. This therefore placed the overall performance of the Sekhukhune Development Agency at 20% at the end of 2016/2017 financial year. The 5 targets set and determined for the year were as follows:

To facilitate growth through agricultural development

To facilitate projects handover

To facilitate the Precinct development on the identified growth

To facilitate 100% construction on feedlot

To facilitate projects for economic development through enterprise development and support, and

To facilitate economic growth through tourism

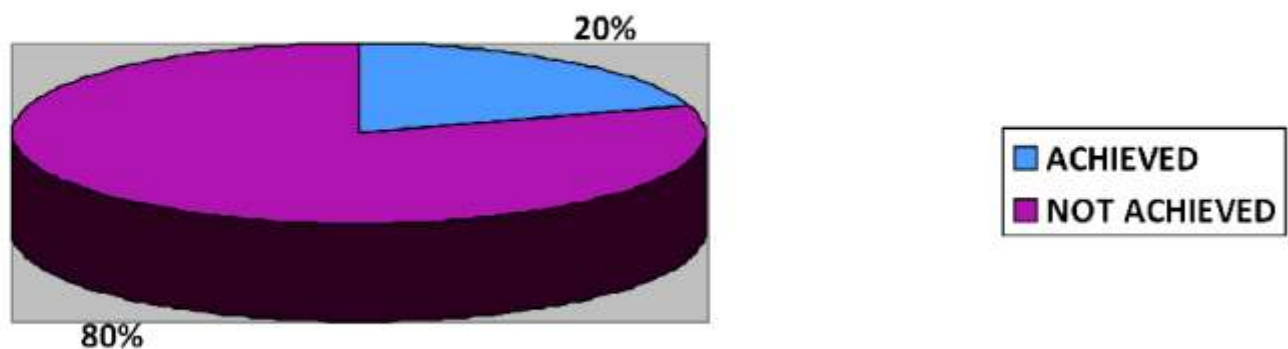
Section 53 (1) (ii) of the Local Government Municipal Systems Act, 2003 provides that the board of municipal entities and councils to consider and approve the Service Delivery and Budget Implementation Plan for each financial year.

6. Audit Opinion

6.1 Auditor General Report 2016/2017 financial year

During the financial 2016/2017 the Auditor General of South Africa issued an **Unqualified Audit Opinion** for Sekhukhune Development Agency. This represents an impressive quantitative leap as the previous year an unqualified audit outcome was received regardless of the hanging forensic investigation matter which led to a disclaimer outcome of 2015/2016.

SDBIP PERFORMANCE 2016/2017



The following issues were raised by the Auditor General in the 2016/2017 report that needs attention;

\Material losses as a results of fictitious transactions that occurred in the prior year implicating former employees and the matter reported to law enforcement

Uncertainty on going concern due to withdrawal of funding by the IDC.

Annual Financial Statements

Sekhukhune Development Agency
Annual Financial Statements
for the year ended 30 June 2017
Auditor General South Africa (Limpopo)
Registered Auditors

Sekhukhune Development Agency

(Registration number 2011/002272/07)

Annual Financial Statements for the year ended 30 June 2017

General Information

Legal form of entity	Municipal public entity
Nature of business and principal activities	Municipal vehicle to implement high impact economic projects
Board Chairperson	Oupa Nkoane (Chairperson of board)
Other Board Members	Seipati Tlaka (Deputy Chairperson) Victor Mampuru (Board Member) Stephen Masemola (Board Member) Mercia Blake (Board Member) Tito Nkademeng (Contract ended) Peter Mokgotho (Resigned - Sep 2016) Bethrum Dzonzi (Resigned - Sep 2016) Yvonne Mathabatha (Resigned - Sep 2016)
Accounting Officer	Ms Mahlatse Shaibu
Registered office	Bareki Mall Groblersdal 0470
Controlling entity	Sekhukhune District Municipality
Bankers	ABSA
Auditors	Auditor General South Africa (Limpopo) Registered Auditors
Secretary	Adv Tshikovhi US
Rounding	All figures has been rounded off to R1

Sekhukhune Development Agency

(Registration number 2011/002272/07)

Annual Financial Statements for the year ended 30 June 2017

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Sekhukhune Development Agency

(Registration number 2011/002272/07)

Annual Financial Statements for the year ended 30 June 2017

Director's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the entity's cash flow forecast for the year to 30 June 2017 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 6.

The annual financial statements set out on pages 6 to 23, which have been prepared on the going concern basis, were approved by the on 31 August 2017 and were signed on its behalf by:

Accounting Officer
Mr Kgopelo Phasha

Sekhukhune Development Agency

(Registration number 2011/002272/07)

Annual Financial Statements for the year ended 30 June 2017

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2017.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet x times per annum as per its approved terms of reference. During the current year x number of meetings were held.

Name of member	Number of meetings attended
Mr L Lankalibalela (Chairperson)	5
Mr M Mokwele (Appointed 01 April 2017)	2
Ms G Molepo (Appointment 01 April 2017)	2
Ms T Mathabathe (Appointed 01 April 2017)	2
Ms M Ndlovu (Appointed 01 April 2017)	1
)Mr Ramukumba (Former Chairperson - Term ended 31 March 2017	2
Mr R Mnisi (Term ended - 31 March 2017)	3
Ms S Makinta (Term ended 31 March 2017)	3
Ms S Mabilane (Term ended 31 March 2017)	2

Audit committee responsibility

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the of the entity during the year under review.

Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the ;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices (delete if not applicable);
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

Sekhukhune Development Agency

(Registration number 2011/002272/07)

Annual Financial Statements for the year ended 30 June 2017

Audit Committee Report

Mr L Lankalebalela

Date: _____

Sekhukhune Development Agency

(Registration number 2011/002272/07)

Annual Financial Statements for the year ended 30 June 2017

Director's Report

The accounting officer submits her report for the year ended 30 June 2017.

1. Review of activities

Main business and operations

The entity is engaged in municipal vehicle to implement high impact economic projects and operates principally in South Africa.

2. Going concern

We draw attention to the fact that at 30 June 2017, the entity had accumulated deficits of R (155 312) and that the entity's total assets exceed its liabilities by R (154 312).

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the entity

3. Subsequent events

The directors are not aware of any matter or circumstance arising since the end of the financial year.

4. Share capital / contributed capital

There were no changes in the authorised or issued share capital of the entity during the year under review.

Sekhukhune Development Agency

(Registration number 2011/002272/07)

Annual Financial Statements for the year ended 30 June 2017

Statement of Financial Position as at 30 June 2017

Figures in Rand	Note(s)	2017	2016
Assets			
Current Assets			
Cash and cash equivalents	5	477 890	1 888 098
Non-Current Assets			
Property Plant and Equipment	3	1 447 717	1 541 741
Total Assets		1 925 607	3 429 839
Liabilities			
Current Liabilities			
Current tax payable		-	-
Payables from exchange transactions	8	343 797	315 131
Unspent conditional grants and receipts	7	1 736 122	2 307 303
		2 079 919	2 622 434
Total Liabilities		2 079 919	2 622 434
Net Assets		(154 312)	807 405
Share capital / contributed capital	6	1 000	1 000
Accumulated surplus		(155 312)	806 405
Total Net Assets		(154 312)	807 405

Sekhukhune Development Agency

(Registration number 2011/002272/07)

Annual Financial Statements for the year ended 30 June 2017

Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016
Revenue			
Revenue from exchange transactions			
Other income		-	150
Interest received - investment		731	1 025
Total revenue from exchange transactions		731	1 175
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	11	4 478 740	3 833 596
Total revenue	9	4 479 471	3 834 771
Expenditure			
Employee related costs	12	(2 995 419)	(1 904 586)
Board Fees	13	(304 760)	(20 381)
Depreciation and amortisation	14	(94 024)	(117 911)
Finance costs	15	-	(75)
Lease rentals on operating lease		-	(101 642)
Repairs and maintenance		(11 241)	-
General Expenses	16	(1 194 806)	(2 523 416)
Total expenditure		(4 600 250)	(4 668 011)
Operating deficit		(120 779)	(833 240)
Loss on disposal of assets and liabilities		-	(59 389)
Deficit for the year		(120 779)	(892 629)

Sekhukhune Development Agency

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Annual Financial Statements for the year ended 30 June 2017

Statement of Changes in Net Assets

Figures in Rand	Share capital / contributed capital	Accumulated surplus	Total net assets
Opening balance as previously reported	1 000	1 348 555	1 349 555
Adjustments			
Prior year adjustments	-	350 479	350 479
Balance at 01 July 2015 as restated*	1 000	1 699 034	1 700 034
Changes in net assets			
Surplus for the year	-	(892 629)	(892 629)
Total changes	-	(892 629)	(892 629)
Balance at 01 July 2016	1 000	(34 533)	(33 533)
Changes in net assets			
Surplus for the year	-	(120 779)	(120 779)
Total changes	-	(120 779)	(120 779)
Balance at 30 June 2017	1 000	(155 312)	(154 312)

Note(s)

6

Sekhukhune Development Agency

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Annual Financial Statements for the year ended 30 June 2017

Cash Flow Statement

Figures in Rand	Note(s)	2017	2016
Cash flows from operating activities			
Receipts			
Grants		3 068 195	5 808 094
Interest income		731	1 025
		3 068 926	5 809 119
Payments			
Employee costs		(2 997 308)	(1 904 586)
Suppliers		(1 481 826)	(2 473 222)
Finance costs		-	(75)
		(4 479 134)	(4 377 883)
Net cash flows from operating activities	19	(1 410 208)	1 431 236
Cash flows from investing activities			
Proceeds from sale of financial assets		-	341 920
Net increase/(decrease) in cash and cash equivalents		(1 410 208)	1 773 156
Cash and cash equivalents at the beginning of the year		1 888 098	114 942
Cash and cash equivalents at the end of the year	5	477 890	1 888 098

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Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Interest received - investment	-	-	-	731	731	
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Revenue from non-exchange transactions

Transfer revenue

Government grants & subsidies	3 000 000	-	3 000 000	4 478 740	1 478 740	
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Total revenue	3 000 000	-	3 000 000	4 479 471	1 479 471	
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Expenditure

Personnel	(3 098 436)	-	(3 098 436)	(2 995 419)	103 017	
Administration	(380 000)	-	(380 000)	(304 760)	75 240	
Depreciation and amortisation	-	-	-	(94 024)	(94 024)	
Repairs and maintenance	(18 000)	-	(18 000)	(11 241)	6 759	
General Expenses	(1 391 554)	-	(1 391 554)	(1 194 806)	196 748	

Total expenditure	(4 887 990)	-	(4 887 990)	(4 600 250)	287 740	
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Deficit before taxation	(1 887 990)	-	(1 887 990)	(120 779)	1 767 211	
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Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(1 887 990)	-	(1 887 990)	(120 779)	1 767 211	
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Reconciliation

Sekhukhune Development Agency

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Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note - Provisions.

1.4 Property Plant and Equipment

Property Plant and Equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property plant and equipment is recognised as an asset when:
it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
the cost of the item can be measured reliably.

Property Plant and Equipment is initially measured at cost.

The cost of an item of property plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property plant and equipment have different useful lives, they are accounted for as separate items (major components) of property plant and equipment.

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Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.4 Property Plant and Equipment (continued)

Property Plant and Equipment is carried at cost less accumulated depreciation and any impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

The useful lives of items of property plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Straight line	infinite
Buildings	Straight line	30 years
Furniture and fixtures	Straight line	10 years
Office equipment	Straight line	5 years
IT equipment	Straight line	5 years
Communication equipment	Straight line	15 years

The residual value, the useful life and depreciation methods of each asset are reviewed at the end of each reporting date. If expectations differ from previous estimates the change is accounted for as a change in the accounting estimates.

1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Initial recognition

The entity recognises a financial asset or a financial liability in its financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:
Financial instruments at cost.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

1.6 Leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Sekhukhune Development Agency

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Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.6 Leases (continued)

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.7 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care and cellphones) for current employees.

1.8 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Measurement

Revenue is measured at the fair value of the consideration received or receivable..

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Sekhukhune Development Agency

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Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.8 Revenue from non-exchange transactions (continued)

Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.9 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.10 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.11 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.12 Irregular expenditure

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.13 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

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Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.13 Budget information (continued)

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

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Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand

2017

2016

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 108: Statutory Receivables	01 April 2016	The impact of the is not material.
GRAP 32: Service Concession Arrangements: Grantor	01 April 2016	The impact of the is not material.
IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2016	The impact of the is not material.

2.2 Standards and interpretations issued, but not yet effective

The entity as not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2017 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 34: Separate Financial Statements	01 April 2009	Unlikely there will be a material impact
GRAP 35: Consolidated Financial Statements	01 April 2009	Unlikely there will be a material impact
GRAP 36: Investments in Associates and Joint Ventures	01 April 2009	Unlikely there will be a material impact
GRAP 37: Joint Arrangements	01 April 2009	Unlikely there will be a material impact
GRAP 38: Disclosure of Interests in Other Entities	01 April 2009	Unlikely there will be a material impact
GRAP 110: Living and Non-living Resources	01 April 2009	Unlikely there will be a material impact
GRAP 12 (as amended 2016): Inventories	01 April 2018	Unlikely there will be a material impact
GRAP 27 (as amended 2016): Agriculture	01 April 2018	Unlikely there will be a material impact
GRAP 31 (as amended 2016): Intangible Assets	01 April 2018	Unlikely there will be a material impact
GRAP 103 (as amended 2016): Heritage Assets	01 April 2018	Unlikely there will be a material impact
GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2018	Unlikely there will be a material impact
IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	01 April 2019	Unlikely there will be a material impact
Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2018	Unlikely there will be a material impact
GRAP 20: Related parties	01 April 2017	Unlikely there will be a material impact
GRAP 26 (as amended 2016): Impairment of cash-generating assets	01 April 2018	Unlikely there will be a material impact
GRAP 109: Accounting by Principals and Agents	01 April 2017	Unlikely there will be a material impact
GRAP 21 (as amended 2016): Impairment of non-cash-generating assets	01 April 2018	Unlikely there will be a material impact

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Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 18 (as amended 2016): Segment Reporting	01 April 2018	Unlikely there will be a material impact
GRAP 17 (as amended 2016): Property, Plant and Equipment	01 April 2018	Unlikely there will be a material impact
GRAP 16 (as amended 2016): Investment Property	01 April 2018	Unlikely there will be a material impact
GRAP 106 (as amended 2016): Transfers of functions between entities not under common control	01 April 2018	Unlikely there will be a material impact

3. Property Plant and Equipment

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	900 000	-	900 000	900 000	-	900 000
Buildings	300 000	(33 333)	266 667	300 000	(23 333)	276 667
Furniture and fixtures	76 241	(44 731)	31 510	76 241	(37 103)	39 138
Office equipment	104 275	(77 362)	26 913	104 275	(63 846)	40 429
IT equipment	118 369	(54 515)	63 854	118 369	(37 605)	80 764
Computer software	185 122	(123 192)	61 930	185 122	(87 982)	97 140
Communication equipment	161 404	(64 561)	96 843	161 404	(53 801)	107 603
Total	1 845 411	(397 694)	1 447 717	1 845 411	(303 670)	1 541 741

Reconciliation of property plant and equipment - 2017

	Opening balance	Depreciation	Total
Land	900 000	-	900 000
Buildings	276 667	(10 000)	266 667
Furniture and fixtures	39 138	(7 628)	31 510
Office equipment	40 429	(13 516)	26 913
IT equipment	80 764	(16 910)	63 854
Computer software	97 140	(35 210)	61 930
Communication equipment	107 603	(10 760)	96 843
	1 541 741	(94 024)	1 447 717

Reconciliation of property plant and equipment - 2016

	Opening balance	Depreciation	Total
Land	900 000	-	900 000
Buildings	286 667	(10 000)	276 667
Furniture and fixtures	47 172	(8 034)	39 138
Office equipment	55 320	(14 891)	40 429
IT equipment	97 674	(16 910)	80 764
Computer software	134 266	(37 126)	97 140
Communication equipment	118 363	(10 760)	107 603
	1 639 462	(97 721)	1 541 741

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity. There are no restrictions on title. No items for property, plant and equipment have been pledged as security for liabilities.

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Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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4. Receivables from non-exchange transactions

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	477 890	1 888 098
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The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
ABSA	477 890	1 888 098	114 942	477 890	1 888 098	114 942

6. Share capital / contributed capital

Authorised

1000 ordinary shares issued at R1 each	1 000	1 000
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Issued

Ordinary	1 000	1 000
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7. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Industrial Development Corporation (IDC)	1 736 122	2 307 303
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The entity receives grants to fund specific programmes of the entity. The grants are recognised as adn when the entity implements the programme as per funding agreements. The amount of unspent grants are recognised as a liability at year-end.

8. Payables from exchange transactions

Trade payables	41 560	101 747
Leave Accrual	214 500	123 758
Other sundry creditors	87 737	89 626
	343 797	315 131

9. Revenue

Other income	-	150
Interest received - investment	731	1 025
Government grants & subsidies	4 478 740	3 833 596
	4 479 471	3 834 771

The amount included in revenue arising from exchanges of goods or services are as follows:

Other income	-	150
Interest received - investment	731	1 025
	731	1 175

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Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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9. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Transfer revenue

Government grants & subsidies	4 478 740	3 833 596
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10. Other revenue

Other income 1	-	150
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11. Government grants and subsidies

Operating grants

SDM Grant	3 068 197	2 907 641
IDC Grant	1 410 543	775 955
Tswenyane Grant	-	150 000
	4 478 740	3 833 596

Conditional and Unconditional

Conditional grants are only utilised to fund programmes approved by the funders. Operation grant from SDM is used to fund day to day operations of the agency:

Conditional grants received	1 410 543	925 955
Unconditional grants received	3 068 197	2 907 641
	4 478 740	3 833 596

Industrial Development Corporation

Balance unspent at beginning of year	2 307 303	974 608
Current-year receipts	-	2 949 586
Conditions met - transferred to revenue	(571 181)	(1 616 891)
	1 736 122	2 307 303

Conditions still to be met - remain liabilities (see note 7).

12. Employee related costs

Basic	2 995 419	1 904 586
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13. Board Fees

Board Members	304 760	20 381
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14. Depreciation and amortisation

Property Plant and Equipment	94 024	117 911
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15. Finance costs

Bank	-	75
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Sekhukhune Development Agency

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Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
16. General expenses		
Accounting fees	166 667	115 789
Advertising	60 870	290 778
Auditors remuneration	291 308	410 833
Bank charges	2 775	4 586
Cleaning	-	82 863
Computer expenses	83 427	5 200
Consulting and professional fees	70 000	545 979
Insurance	16 212	13 175
Conferences and seminars	-	47 465
Postage and courier	-	1 316
Printing and stationery	-	58 274
Security (Guarding of municipal property)	1 175	5 061
Subscriptions and membership fees	-	23 215
Telephone and fax	10 695	53 061
Training	97 000	-
Travel - local	389 494	159 079
Electricity	1 966	7 848
Project expenses	-	231 517
Other expenses	3 217	467 377
	1 194 806	2 523 416
17. Auditors' remuneration		
Fees	291 308	410 833
18. Taxation		
19. Cash (used in) generated from operations		
Deficit	(120 779)	(892 629)
Adjustments for:		
Depreciation and amortisation	94 024	117 911
Gain on sale of assets and liabilities	-	59 389
Other receivables	(840 938)	-
Changes in working capital:		
Other receivables from non-exchange transactions	-	(429 841)
Payables from exchange transactions	28 666	85 026
Unspent conditional grants and receipts	(571 181)	2 491 380
	(1 410 208)	1 431 236
20. Contingencies		
Contingent assets		

Civil proceedings have commenced against the entity previous employees to recover an amount of R 341 981 - as a result of material losses incurred in previous years. According to the entity's legal advisors, it is probable that the proceedings will result in the recovery of the full amount but this recovery is virtually certain.

Sekhukhune Development Agency

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Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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21. Related parties

Relationships

Accounting Officer

Refer to accounting officer's report note

Controlling entity

Sekhukhune District Municipality

Related party balances

Grants - Owing (to) by related parties

Sekhukhune District Municipality	842 510	840 936
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Key management information

Class	Description	Number
Non-executive board members	Non-Executive	5
Executive board members	Acting CEO	1

22. Prior period errors

Property, plant and equipment were depreciated at incorrect rates due to the fact that the entity did not review useful lives of assets at the end of the financial year. The error resulted in accumulated depreciation being overstated by R41 357

The trade payables were overstated by an amount of R7000 as invalid accrued expenses were accounted for. Board fees to the amount of R3500 and general expenses to the amount of R3500 were also overstated.]

Rent accrued was overstated by amount of R 24 529

The entity has incorrectly account for taxation in the previous years even though it is not liable for taxes. The correction resulted in the adjustment to tax payable (R286 038) taxation (R152 662), and deferred tax asset of R 129 577

The previously classified purchased computer as intangible assets (R97 140) and disclosed it separately on the statement of financial position and has during the year correctly accounted for as PPE in terms of GRAP

The correction of the error(s) results in adjustments as follows:

Financial Position

Property Plant and Equipment	-	138 498
Trade payables	-	38 968
Deferred tax	-	(127 887)
Tax payable	-	286 038
Intangible assets	-	(97 140)

Financial performance

Rentals	-	(24 529)
Board fees	-	(3 500)
Taxation	-	152 662
General expenses	-	(3 500)

23. Risk management

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Market risk

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Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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23. Risk management (continued)

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

24. Going concern

We draw attention to the fact that at 30 June 2017, the agency had accumulated deficits of R (155 312) and that the agency's total liabilities exceed its assets by R (154 312). The funding from IDC was not received in the current financial year and there is no confirmation received for funding at the end of the financial year. Failure to secure funding might have a negative impact on the going concern principle

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the entity.

25. Fruitless and wasteful expenditure

Opening balance	757 508	304 054
Fruitless and wasteful expenditure	-	453 454
	757 508	757 508

26. Irregular expenditure

Opening balance	1 880 864	1 199 388
Add: Irregular Expenditure - current year	-	681 476
	1 880 864	1 880 864

Details of irregular expenditure – current year

-

27. Additional disclosure in terms of Municipal Finance Management Act

Material losses through criminal conduct

Amount paid - previous years	-	453 454
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Signed Audit Report SDA - 20 Dec 2017

Report of the auditor-general to Limpopo Provincial Legislature and the accounting authority on Sekhukhune Development Agency

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Sekhukhune Development Agency set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Sekhukhune Development Agency as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA)
3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the municipal entity in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty related to going concern/financial sustainability

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. I draw attention to note 23 to the financial statements, which indicates that the entity had an accumulated deficit of R155 312. Furthermore the net deficit for the year 30 June 2017 was R120 779. The withdrawal of funding from the Industrial Development Corporation (IDC) creates a material uncertainty that casts a significant doubt on the entity's ability to continue as a going concern.

Emphasis of matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

9. As disclosed in note 21 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of errors in the financial statements of the entity at, and for the year ended, 30 June 2017

Material losses

10. As disclosed in note 26 to the financial statements, the entity incurred material losses to the amount of R0 (2016: R453 454) as a result of fictitious transactions that occurred in the prior year. Former employees were implicated and the matter was reported to the law enforcement agencies. The case was still ongoing at the date of this report.

Other matter

11. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

12. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited these schedule(s) and, accordingly, I do not express an opinion thereon

Responsibilities of the accounting authority

13. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the MFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Introduction and scope

17. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
18. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipal entity. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
19. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the municipal entity for the year ended 30 June 2017:

Objectives	Pages in the annual performance report
Objective 1: Percentage facilitation of Groblersdal and Steelpoort precinct plans	x – x
Objective 2: Percentage facilitation of implementation of Schuinsdraai and Potlake nature reserve	x – x
Objective 3: Percentage facilitation of revival of mining and social plans structure	x – x
Objective 4: Percentage facilitation of village retailers	x – x
Objective 5: Number of engagements held department of rural development and land reform (DRDLR)	x – x

20. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures 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.
21. The material findings in respect of the usefulness and reliability of the selected objectives are as follows:

Objective 1: Percentage facilitation of Groblersdal and Steelpoort Precinct plans

22. The target was reported as Percentage facilitation of Groblersdal and Steelpoort Precinct plans while the target was approved as 100% facilitation of Groblersdal and Steelpoort Precinct Plans in the service delivery agreement, in contravention of the requirements section 121(4)(d) of MFMA.

Objective 5: Number of engagements held with the Department of Rural Development and Land Reform (DRDLR)

23. The indicator was reported as Number of engagements held with the DRDLR while the indicator was approved as percentage facilitation of implementation of the Agripark Business Plan in the service delivery agreement, in contravention of the requirements of section 121(4)(d) of the MFMA
24. The target was reported as four engagements held with the DRDLR while the target was approved as 100% facilitation of implementation of the Agripark Business Plan in the service delivery agreement, in contravention with the requirements of section 121(4)(d) of the MFMA.
25. The reported achievement for the target of four engagements held with the DRDLR was misstated as the evidence provided indicated none engagements were held and not four as reported.
26. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objectives :
- Objective 2: Percentage facilitation of implementation of Schuinsdraai and Potlake nature reserve
 - Objective 3: Percentage facilitation of revival of mining and social plans structure
 - Objective 4: Percentage facilitation of village retailers.

Other matters

27. I draw attention to the matter below.

Achievement of planned targets

28. Refer to the annual performance report on page(s) x to x; x to x for information on the achievement of planned targets for the year and explanations provided for the under / overachievement of a significant number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph(s) [x; x; x] of this report.

Report on audit of compliance with legislation

Introduction and scope

29. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipal entity with

specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

30. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements, performance and annual report

31. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA
32. Material misstatements of liabilities identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Liabilities management

33. The accounting records of property held by the entity were not complete and accurate, as required by section 28(1) of the Companies Act and prescribed in Companies Regulations 25(3) (b).

Other information

34. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the director's report, the audit committee's report and the company secretary's certificate as required by the Companies Act. The other information does not include the financial statements, the auditor's report thereon and those selected objectives presented in the annual performance report that have been specifically reported on in the auditor's report.
35. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
36. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
37. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate, however, if it is corrected this will not be necessary.

Internal control deficiencies

38. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my

objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in, the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

- 39. The entity did not have sufficient monitoring controls to ensure adherence to the internal policies and procedures at an objective level and for purposes of taking corrective action.
- 40. The leadership did not implement effective human resource management principles to ensure that relevant and sufficiently skilled resources are in place to manage performance information reporting and compliance with laws and regulations.

Financial and performance management

- 41. Adequate controls over daily and monthly processing and reconciling of transactions were not properly implemented and as a result material misstatements were identified during the audit.
- 42. Although the leadership reviewed the annual financial statements and the annual performance report prior to their submission for audit, the internal control environment is not operating effectively as a number of misstatements were still identified.
- 43. There was no adequate review and monitoring of compliance with applicable laws and regulations.

Governance

- 44. The entity did not fully implement appropriate risk management activities to ensure that regular risk assessments, including consideration of information technology risks.
- 45. The municipal entity conducted a risk assessment, as required by the MFMA. However, the mitigation actions designed to address the identified risks were inadequate.

Auditor-General

Polokwane

20 December 2017



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit IFSB

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the municipal entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity's internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority.
 - conclude on the appropriateness of the board of directors, which constitutes the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sekhukhune Development Agency ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a municipal entity to cease to continue as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and here applicable, related safeguards.

7. CONCLUSION

The 2016/2017 annual report for Sekhukhune Development Agency is hereby presented to stakeholders for engagement with the report as part and parcel of accountability. Whilst there are many challenges that SDA faced during the year under review, there are also pockets of excellence that deserve celebration. The Agency has improved over the years as the Board has regained full control over the entity, its plans and strategy. The performance of the agency in the previous financial year has been largely attributed to the effective managing of the comprehensive organisational changes.

It has been through the strength of the Board and support from the Shareholder that ensured the showcase of the significant implications of the Board's oversight role and the enhancement in the value of the economic growth of the district.

The agency intended to leverage spin offs of its positive audit outcomes by engaging potential funders and strategic partners. There are engagements within the agency and with the parent municipality to reposition and refocus the agency so that it achieves its intended objectives. The future sustenance of the agency largely depends on its capacity to leverage private/public funding and forge strategic partnerships to implement its flagship projects.

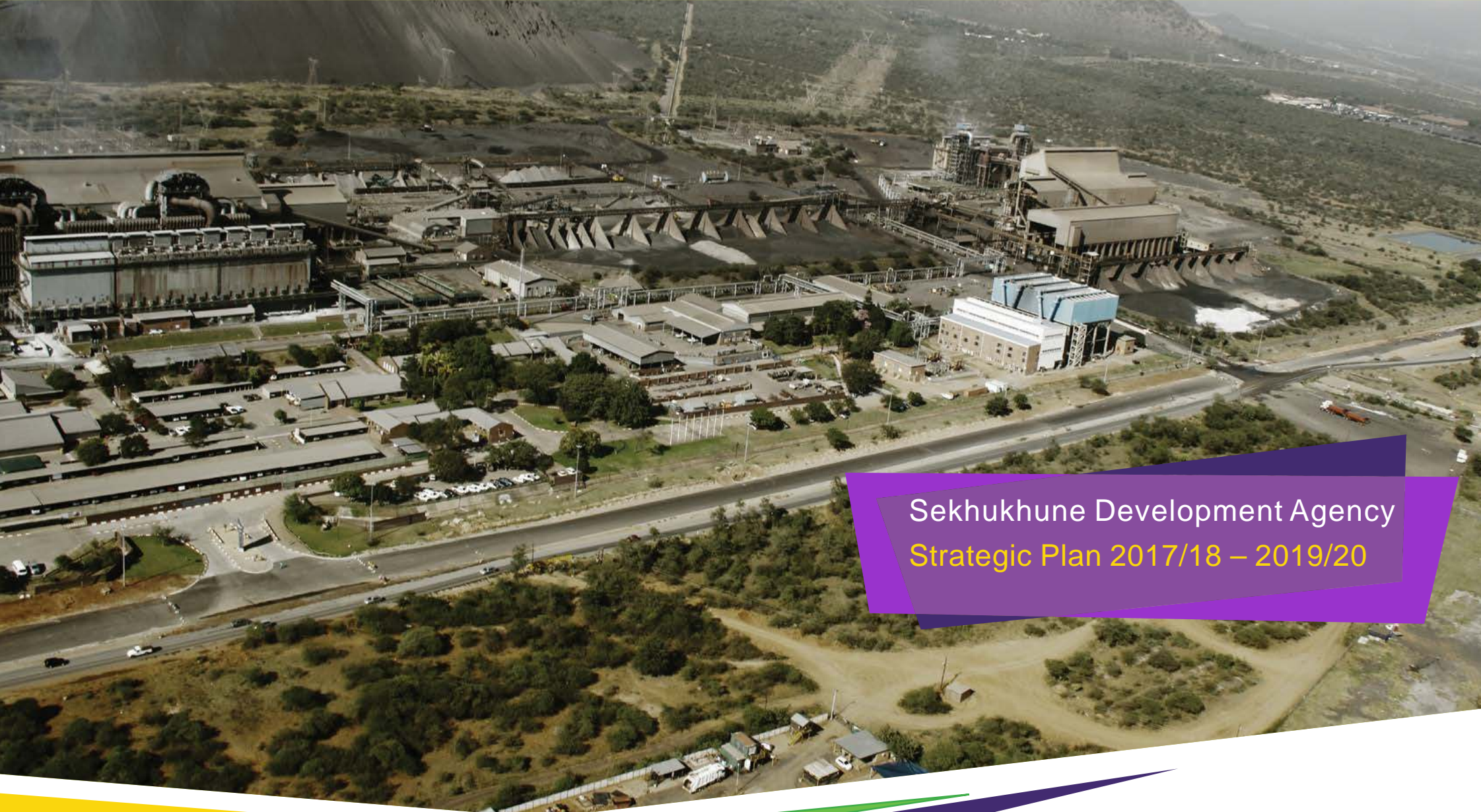
The annual performance report is accompanied by the following attachments/annexures;

- Auditor Audit Report
- Annual Financial Statement
- Audit Committee Report
- Strategic planning

BOOK 2:

Strategic Plan 2017/18 – 2019/20





Sekhukhune Development Agency
Strategic Plan 2017/18 – 2019/20



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1.1. Background

The Sekhukhune Development Agency (SDA) was established in terms of the Municipal Systems Amendment Act, 2003 and as per the by-law published by the Sekhukhune Local Municipality, Local Authority Notice 206 (Limpopo Provincial Gazette Extraordinary, No. 1863, 4 November 2010). The entity is wholly owned by Sekhukhune District Municipality and was formed as a “peculiar vehicle to identify, initiate and implement high impact economic projects and create sustainable job creation opportunities”.

This strategic plan was developed through consultation with Board members, staff, and other stakeholders, including the Executive Mayor of Sekhukhune District Municipality. Other inputs that contributed to the strategy came from experts in various fields within the scope of the SDA business. An analysis of the Sekhukhune area and the organisation in the current milieu and possible future scenarios provided a basis for consideration of the role SDA could play, and how it could take up its mandate in the short to medium term.

1.2. SDA's Target Market

The SDA's target market is communities living in the villages, townships and towns within the Greater Sekhukhune Municipal District. Of focus are youth; women; small, medium and micro enterprises (SMMEs) and cooperatives with potential to get involved in High Impact Economic Projects and Initiatives.

1.3. Services and Delivery Model

The SDA initiates High Impact Projects that would make a serious dent on poverty and unemployment amongst communities living in the Sekhukhune area and supports initiatives conceptualised and run by people living in the rural and urban parts of the Municipality.

Small businesses and cooperatives that require handholding in order to set up and operate in the early phases of their life cycles will be referred to other sister organisations in the area including the Local Municipalities Local Municipalities, Small Enterprise Development Agency, Limpopo Business Support Agency (LIBSA) and Small Enterprise Finance Agency (SEFA).

1.4. Service Delivery Network

The SDA currently has one office, based at the Sekhukhune District Municipality in Groblersdal. The Agency has a house in Jane Furse that was intended to serve as an office catering for the northern part of the district.

1.5. SWOT Analysis

In analysing the external and internal environments of the SDA, the following factors were identified:

STRENGTHS

- New visionary Board
- Committed and hardworking staff
- Support from District Municipality
- Clear mandate of the Agency

WEAKNESSES

- Newly appointed Board
- Lack of both financial and capital resources
- Weak capacity to drive the mandate (Board, staff and structure)
- Non-existence of project identification model
- Lack of land ownership (relying on PTO's)
- Lack of transparency and red tape on mining and mineral resources

OPPORTUNITIES

- Abundance of Land and Rich Mineral Resources
- Good climatic conditions for farming and energy harvesting
- Sekhukhune has untapped Culture and Heritage
- Sekhukhune has the largest reserves of Mining and Mineral Rich Resources
- Special Economic Zone (SEZ) identified (Tubatse)
- Expansion of human capital
- Mutual benefit from shareholder ownership
- Legislated platform to execute
- Access to private and public funding
- Exploration of new High Impact Projects
- Restructure the governance model
- Economic opportunities (Beneficiation in mining and agro-processing, development of smelters, tourism).

THREATS

- Conditional Funding
- Reliance on extractive nature of the primary industry (Mining and Agriculture)
- Lack of requisite technical skills
- Occupation of prime agricultural land by communities
- High level of unemployment leading to disillusionment
- Sekhukhune has predominately foreign and white male business ownership across the economic spectrum
- Neglect and lack of exposure of our culture and heritage
- Lack of both financial and non-financial support

2.1. Vision

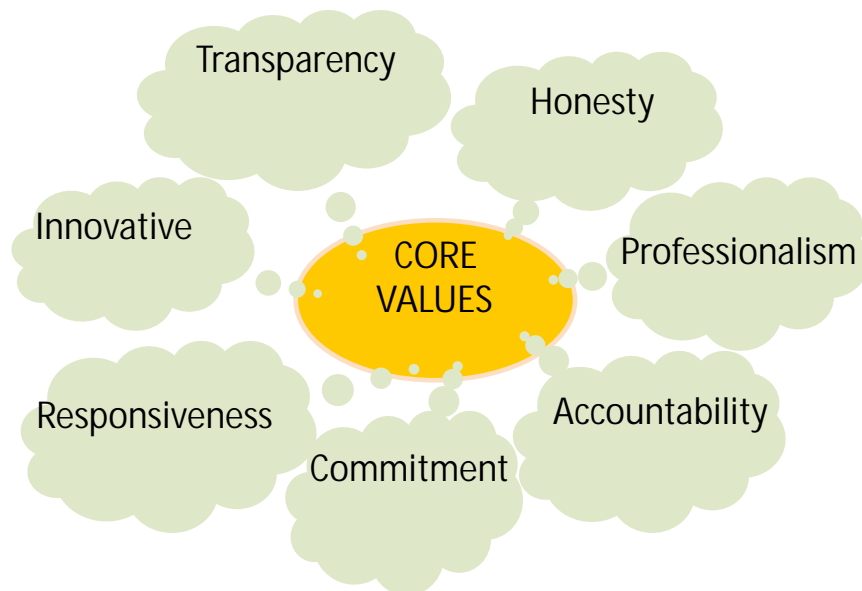
Unlocking Sustainable Economic Development, and Rapid Economic Growth of the Sekhukhune Region.

2.2. Mission

To provide an end-to-end solution for equitable and sustainable High Impact Projects, and strategic economic programmes that contribute towards inclusive growth and job creation in the region.

2.3. Our Core Values

We commit ourselves to be a professional and demand-driven organisation with core values that govern our internal and external relationships and ways of working. The core values are central to SDA's function and represent what the entity stands for.



STRATEGY

2.4. Strategic Goals

Strategic Goal 1

- To initiate, identify, facilitate and implement high impact economic development projects

Strategic Goal 2

- To secure a stable and sustainable financial base for the future development of the Agency.

Strategic Goal 3

- To forge strategic partnerships, promote rural industrialisation and the high impact development project space.

Strategic Goal 4

- To ensure that the high impact economic development projects create sustainable job opportunities for locals.

Strategic Goal 5

- To attract sustainable investment in growing the economy.

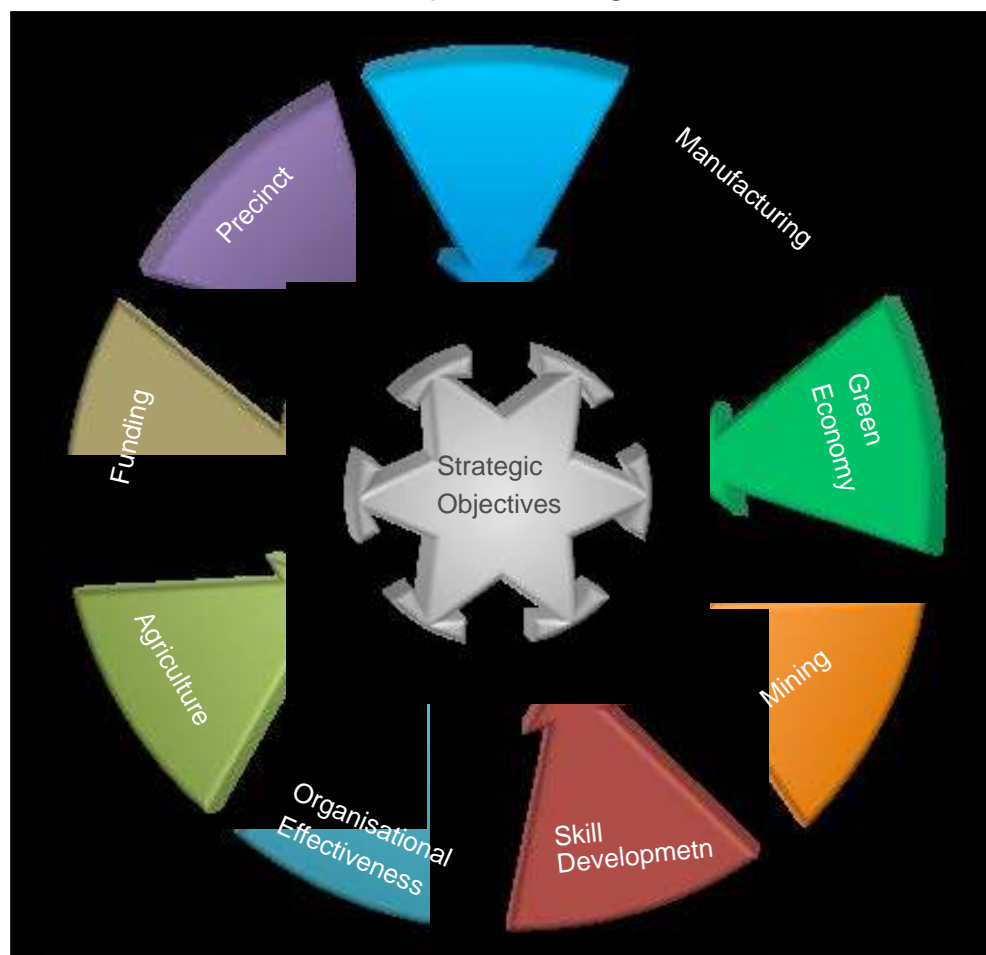
Strategic Goal 6

- To attract and maintain capable human capital.

2.5. Strategic Objectives

- In working towards the above strategic goals, the SDA will strive to deliver on the following strategic objectives in the period 2017/18 – 2019/20. These strategic objectives are depicted in the strategy wheel and explained below:

SDA's Nine-Spoke Strategic Wheel



- SO 1 - AGRICULTURE: Promote sustainable rural economies through agricultural development.
- SO 2 - PRECINCT: Venture into large scale, land development and settlement regeneration.
- SO 3 - TOURISM: Development of world class tourism sector.
- SO 4 - MINING: Foster strategic and sustainable relations between mining houses and communities and participate in beneficiation in the value chain.
- SO 5 - SKILLS DEVELOPMENT: Forge strategic partnerships to align training needs in order to expand production of basic and technical skills both within SDA and in the broader Sekhukhune area.
- SO 6 - MANUFACTURING: Stimulate and advocate manufacturing potential of the district by converting and processing raw materials into final products.
- SO 7 - ORGANISATIONAL EFFECTIVENESS: Building an effective and efficient organisational capacity to deliver on its mandate.
- SO 8 - FUNDING: Develop sustainable funding models through strategic partnerships.
- SO 9 - GREEN ECONOMY: Leverage on the climate in the Sekhukhune district for energy renewal as well as opportunities for recycling.

The Nine-Point Plan aims to grow the economy and create much needed jobs in South Africa. The SDA's strategic objectives talk to, and aim to get the SDA to live up to, six of the nine drivers of the Nine-Point Plan, namely:

- i. Revitalising agriculture and agro-processing value chain.
- ii. Adding value to our mineral wealth (advancing beneficiation and support to the engineering and metals value chain).
- iii. More effective implementation of a higher impact Industrial Policy Action Plan
- iv. Operation Phakisa (Oceans Economy, Mining, Health, Tourism, Basic Education etc.) – SDA has a specific focus on leveraging tourism and mining opportunities in the greater Sekhukhune district.
- v. Encouraging private sector investment.
- vi. Resolving the energy challenge.

SDA's strategy is also aligned to the National Development Plan (NDP) and its objectives to address challenges relating to:

- i. Employment creation
- ii. Economic infrastructure
- iii. Transitioning to a low carbon economy
- iv. Inclusive rural economy
- v. Improving education, innovation and training

3.1. Strategy Map

The SDA strategy map, which is presented in a Balanced Scorecard format later in this document, indicates the strategic levers that pull and push the organisation towards a future that delivers on its founding mandate and objectives.

All the strategic objectives contribute towards achievement of organisational success in a balanced approach in terms of the four perspectives:

3.1.1. Financial Perspective

To succeed financially, we must appear to our shareholders as an entity that generates value for money and utilises funds sourced from public and private partners with efficiency and efficacy.

3.1.2. Client Perspective

To achieve our vision, we must appear to our clients as the provider of development funding and non-financial support services that will ensure improvement in their businesses and community lives.

3.1.3. Internal Business Perspective

To satisfy our shareholders, clients and staff, we must excel in our operational processes including how we manage risk, manage our finances, deliver on our services and monitor and evaluate our performance.

3.1.4. Learning and Innovation Perspective

To achieve our vision, we must resource our organisation with competent staff and effective technology, empower our staff and management to deliver on services for which the SDA exists and be agile to adapt to changes and innovate for success.

Expected outcomes from achievement of the strategic objectives are detailed in the next two pages. These are presented through a Balanced Scorecard framework.

	AGRICULTURE Promote sustainable rural economies through agricultural development.	PRECINT Venture into large scale, land development and settlement regeneration.	TOURISM Development of world class tourism sector.	MINING Foster strategic and sustainable relations between mining houses and communities and participate in beneficiation in the value chain.	SKILLS DEVELOPMENT Forge strategic partnerships to align training needs in order to expand production of basic and technical skills both within SDA and in the broader Sekhukhune area.
Financial Perspective					
Client Perspective					
Internal Business Perspective					
Learning and Growth Perspective					

	MANUFACTURING Stimulate and advocate manufacturing potential of the district by converting and processing raw materials into final products.	ORGANISATIONAL EFFECTIVENESS Building an effective and efficient organisational capacity to deliver on its mandate.	FUNDING Develop sustainable funding models through strategic partnerships.	GREEN ECONOMY Leverage on the climate in the Sekhukhune district for energy renewal as well as opportunities for recycling.
Financial Perspective				
Client Perspective				
Internal Business Perspective				
Learning and Growth Perspective				

The following high impact projects and initiatives have been identified to be rolled out in the period 2017/18 – 2019/20.

5.1. Strategic Theme 1

Agriculture

5.1.1. Agri-Park

5.1.1.1. AgriHub – Agro-processing

5.1.1.2. Marula processing

5.1.1.3. Farmer production unit sites (Vleisboom and Practiseer)

5.1.2. Emerging farmers and cooperative support (Training, crop insurance, vaccinations, fencing division camps, auction kraals, mobile dipping tanks and dipping facilities)

5.1.3. Establishment of quadruple farms

5.1.4. Revival of defunct irrigation schemes

5.1.5. Resuscitating the mills (e.g. Glen Cowie)

5.2. Strategic Theme 2

Precinct Development

5.2.1. High density human settlements (identify strategic land parcels and preserve them)

5.2.2. Special Economic Zone (Funding Model/Transaction Advisor)

5.2.3. State Land Audit (negotiate acquisition with owners)

5.2.4. Infrastructure master planning and spatial development framework

5.2.5. Audit of state owned residential properties

5.3. Strategic Theme 3

Tourism

5.3.1. Development of lodge, conference facility and game reserve at Schynsdraai

5.3.2. Development of lodge, conference facility and game reserve at Potlake

5.3.3. Development of hotel, caravan park, camping sites and other and recreational facilities at Die Hoop Dam (and Flag Boshielo Dam)

5.3.4. Implement Die Hoop Dam resource management plan (Boat trips)

5.3.5. Development of tourist routes and enhancement of heritage sites (e.g. Mache Masemola)

5.3.6. Establishment of water park

5.3.7. Packaging tourism facilities and marketing

5.3.8. Wildlife hunting and trophying

5.3.9. Sekhukhune-based annual events

5.4. Strategic Theme 4

Mining

5.4.1. Mining supply park

5.4.2. Refinery and smelter (beneficiation)

5.4.3. Creating indigenous ownership of local mines

5.4.4. Monitoring and evaluation of mining social labour plans

5.4.5. Mine rehabilitation programme

5.4.6. Partnership with mines on non-core functions.

5.5. Strategic Theme 5

Funding

- 5.5.1. Secure public-private partnerships
- 5.5.2. Package opportunities for investment roadshows
- 5.5.3. Develop strategy to leverage DFI's funding
- 5.5.4. SDA private equity fund

5.6. Strategic Theme 6

Skills Development

- 5.6.1. Establish MOU'S with TVET'S, universities, independent providers and mining houses
- 5.6.2. Establish Skills Centres across the spectrum

5.7. Strategic Theme 7

Manufacturing

- 5.7.1. Arts and crafts
- 5.7.2. Tooling and Fabrication
- 5.7.3. MOU with MINTEK

5.8. Strategic Theme 8

Green Economy

- 5.8.1. Energy generation mix projects, including consideration of roll-out of Hydropower.
- 5.8.2. Recycling factory

5.9. Strategic Theme 9

Construction

- 5.9.1. SDA Construction Company

5.10. Strategic Theme 10

Branding and Communication

- 5.10.1. SDA Rebranding and Communication Strategy

The following projects would result in high economic impact and unlock sustainable economic development in the Sekhukhune region. Further definition and development of implementation plan, including financial planning and risk identification and mitigation plan, would be carried out on each project.

6.1. Emerging farmers and Cooperative support – training, insurance, incubation, agroprocessing and community development. Consideration to be made to duplicate the Mogalakwena Training model in Sekhukhune. Explore farming products beyond traditional fruit and vegetables to include products that could produce herbal and health foods.

6.2. Special Economic Zone (Funding Model/Transaction Advisor).

6.3. Development of tourism sites (e.g. Die Hoop Dam and Flag Boshielo Dam).

6.4. Partnership with mines on non-core functions – investigate non-core functions mines could outsource for SDA to facilitate women, youth and broader Sekhukhune community participation and other forms of partnership.

6.5. Secure public-private partnerships that would enable economic growth and development.

6.6. Develop strategy to leverage DFI's funding for realisation of key projects.

6.7. MOU with MINTEK on manufacturing opportunities.

6.8. Introduction of hydropower to generate energy from water.

The SDA has a budget of R3m in the current financial year. It is anticipated that a bigger proportion, up to 70%, could be utilised to cater for internal organisational priorities, including staff salaries. As a consequence, the SDA would not be able to roll out any projects and initiatives of high economic impact, in line with the organisation's vision of unlocking sustainable economic development, and rapid economic growth of the Sekhukhune region.

Due to budget limitations referred to above, it is proposed that funds be raised from public and private sources. Consultants could be commissioned by the SDA to assist with raising capital for the projects and paid agreed rates based on funds secured (i.e. remunerated based on agreed percentage only upon securing funds). Contributions of consultants and the role of the SDA staff, Board and other stakeholders would be clearly defined, articulated, and agreed beforehand.

Appendix A

Acronyms

DFI	Development Finance Institution
LEDA	Limpopo Economic Development Agency
LIBSA	Limpopo Business Support Agency
PTO	Permission to Occupy
SDA	Sekhukhune Development Agency
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SEZ	Special Economic Zone
SO	Strategic Objective
SWOT	Strengths, Weaknesses, Opportunities and Threats
TVET	Technical and Vocational Education and Training

Our vision

Unlocking Sustainable Economic Development,
and Rapid Economic Growth of
the Sekhukhune Region.



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