

2018/19

THE JOURNEY SO FAR

ANNUAL PERFORMANCE PLAN

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LIST OF ABBREVIATIONS/ACRONYMS

MEGA	: MPUMALANGA ECONOMIC GROWTH AGENCY
EIA	: ENVIRONMENTAL IMPACT ASSESSMENT
DRDLR	: DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM
DARDLEA	: DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT, LAND AND ENVIRONMENTAL AFFAIRS
the dti	: THE DEPARTMENT OF TRADE AND INDUSTRY
DEDT	: DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM
DWS	: DEPARTMENT OF WATER AND SANITATION
MOU	: MEMORANDUM OF UNDERSTANDING
IDC	: INDUSTRIAL DEVELOPMENT CORPORATION
DBSA	: DEVELOPMENT BANK OF SOUTHERN AFRICA
CEO	: CHIEF EXECUTIVE OFFICER
CFO	: CHIEF FINANCIAL OFFICER
CAPEX	: CAPITAL EXPENDITURE
PFMA	: PUBLIC FINANCE MANAGEMENT ACT
ERM	: ENTERPRISE-WIDE RISK MANAGEMENT
AG	: AUDITOR GENERAL
ICT	: INFORMATION AND COMMUNICATION TECHNOLOGY
DRP	: DISASTER RECOVERY PLAN
APP	: ANNUAL PERFORMANCE PLAN
SSAS	: SECTOR SPECIFIC ASSISTANCE SCHEME
SEZ	: SPECIAL ECONOMIC ZONES
EMIA	: EXPORT MARKETING AND INVESTMENT ASSISTANCE
NEDP	: NATIONAL EXPORTER DEVELOPMENT PROGRAMME (NEDP)
DIRCO	: DEPARTMENT OF INTERNATIONAL RELATIONS AND COOPERATION
FER	: FOREIGN ECONOMIC REPRESENTATIVES
SMME	: SMALL, MEDIUM AND MICRO ENTERPRISES
MIFPM	: MPUMALANGA INTERNATIONAL FRESH PRODUCE MARKET
PMU	: PROGRAMME MANAGEMENT UNIT
BRICS	: BRAZIL, RUSSIA, INDIA, CHINA AND SOUTHAFRICA
CSIR	: COUNCIL FOR SCIENTIFIC AND INDUSTRIAL RESEARCH
HR	: HUMAN RESOURCES
HRD	: HUMAN RESOURCES DEVELOPMENT
IPAP	: INDUSTRIAL POLICY ACTION PLAN
M&E	: MONITORING AND EVALUATION
NGP	: NEW GROWTH PATH
MEGDP	: MPUMALANGA ECONOMIC GROWTH AND DEVELOPMENT PATH
PESTEL	: POLITICAL, ECONOMIC, SOCIAL, TECHNOLOGICAL, ENVIRONMENTAL AND LEGAL
SA	: SOUTH AFRICA
SADC	: SOUTHERN AFRICAN DEVELOPMENT COMMUNITY

FOREWORD BY THE CHAIRPERSON



As a Schedule 3D PFMA entity, MEGA is required to submit a Corporate Plan, Shareholders' Compact and Annual Budget before the beginning of each financial year to its Executive Authority (Department of Economic Development and Tourism, DEDT) and Provincial Treasury.

MEGA's Corporate Plan for 2018/19 outlines the key strategies, performance measures and capabilities the entity will employ to meet its goals and missions. It further provides details on the business' operations, products and services, and marketing strategies.

Our objective continues to be to build a capable, credible and resilient development finance institution that uses smart partnerships with the private sector, leverages government ownership and optimises the utilisation of its assets to make meaningful socio-economic impact. To achieve this goal we need to make steady progress in the following areas:

- Generating and facilitating suitable high impact investment opportunities in the province
- Developing and harnessing organisational capabilities to successfully execute our strategy; and
- Achieving long-term financial sustainability and reducing dependence on government grants.

Since 2016/17 financial years, the focus was at implementing the turn-around strategy to ensure a sustainable institution with the requisite capabilities to fulfil its mandate. In order to successfully implement the corporate strategy approved by the board, MEGA was required to undertake an organisational development (OD) process that would ensure that it had the right skills in the right roles.

This process have been completed and critical positions still not filled after this process will be prioritised this financial year.

The focus post the Organisation Development process, is for MEGA to focus on attracting investments into the province in order to continue to stimulate economic growth and create job opportunities. MEGA has to remain 'top of mind' in investee minds, in stakeholders and as the first port of call as an investment destination enabler for Mpumalanga.

For MEGA to sustain growth in the long term it has to create new investment pipelines, open new and improved frontiers, new markets and exceptional innovation approaches. This will also assist in accelerating implementation of strategic high impact projects that will contribute to the stimulation of the provincial economy.

The six focus areas of the Corporate Plan have been developed to ensure alignment with government priorities and also serves as a pillar in which future investment decisions shall be based. There exists a horde of opportunities, investment and businesses to exploit that could be profitable while also helping to reform systems and grow the business.

Mr DN Mculu
CHAIRPERSON OF THE BOARD



OFFICIAL SIGN OFF


It is hereby certified that this Corporate Plan (Annual Performance Plan):

- (1) Was developed by the management and the Board of the Mpumalanga Economic Growth Agency (MEGA) under the guidance of the Department of Economic Development and Tourism (DEDT);
- (2) Was aligned to the current strategic plan of the DEDT and the Presidential outcome based priorities;
- (3) Takes into account all the relevant policies, legislation and other mandates for which MEGA is responsible; and
- (4) Accurately reflects the performance targets which MEGA will endeavor to achieve given the resources made available in the budget for 2018/19.


Chief Financial Officer
Mr. E Potgieter


Head Official Responsible for Planning
Ms. D Ntshingila


Chief Executive Officer
Mr. X.G.S. Sithole


Chairperson of the Board
Mr. D.N. Mculu



PART A

STRATEGIC OVERVIEW

1. UPDATED SITUATIONAL ANALYSIS

1.1 THE EXTERNAL ENVIRONMENT

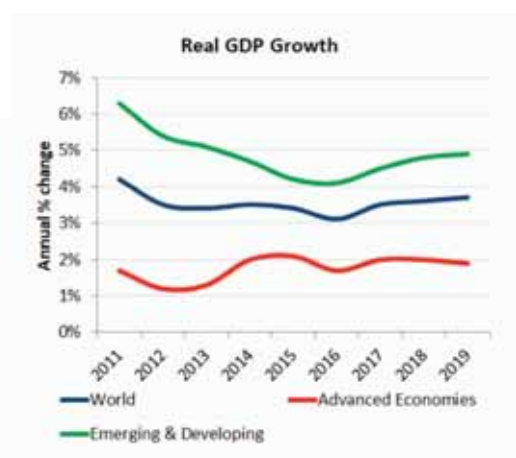
GLOBAL ECONOMIC OUTLOOK

The global growth outlook continues to show signs of sustained recovery amid rising world trade volumes. Growth in many commodity exporting countries remains modest and there are risks on the horizon such as protectionism, tightening financial conditions in emerging markets, slow productivity growth in some advanced economies and geopolitical tensions.

It is however anticipated that global growth will improve in 2017 with the world economy projected to achieve growth of 3.5% in 2017 and 3.6% in 2018.

The cyclical recovery continues in several advanced economies and in large emerging and developing economies such as Brazil and especially China.

Growth in global trade and industrial production remains well above the levels recorded in 2015 & 16. In general, the commodity price rebound of the second half of 2016 faded somewhat in 2017



- Growth in the world economy remained around, or below 3.5% since 2012 and is finally on track to break above the mark from 2018 onwards.
- The growth forecast for 2018 is 1.9% for advanced economies mainly as a result of ongoing post-Brexit negotiations and uncertainty surrounding USA budget, regulatory and fiscal policies.
- Emerging and developing economies are projected to see a sustained pickup in activity, with growth rising from 4.3% in 2016 to 4.6% in 2017 and 4.8% in 2018.
- Growth in China is expected to remain at 6.7% in 2017, the same level as in 2016, and to decline in 2018 to 6.4%.
- In Sub-Saharan Africa, the outlook remains challenging. Growth is projected to rise in 2017 and 2018, but will barely return to positive territory in per capita terms for the region as a whole - and would remain negative for about a third of the countries in the region.

1. UPDATED SITUATIONAL ANALYSIS

SOUTH AFRICAN ECONOMIC OUTLOOK

The economy is expected to recover moderately in 2018 and 2019 on the back of higher prices for commodities. South Africa's economic outlook will closely mirror political developments at home. In other quarters the economy is expected to grow 1.5% in 2018, which is up 0.2 percentage points from last month's forecast and 1.7% in 2019.

However, according to the World Bank South Africa's economy is expected to grow by just 1.1% in 2018 - one of the lowest rates in sub-Saharan Africa. On the other hand The International Monetary Fund (IMF) has revised South Africa's economic growth forecast downward in 2018 and 2019 as a result of rising political uncertainty which it says weighs on confidence and investment. It projects the country's economy to grow by 0.9% over the next two years, down from a projection of 1.1% in 2018 it forecast in October, and 1.6% in 2019. Overall there is optimism and pessimism over the growth of the South African economy which has a direct bearing on MEGA's operations and investments.

On a positive note, the Reserve Bank revised its forecast for GDP growth up from 0.7% to 0.9% for 2017; while forecasts for 2018 and 2019 were adjusted to 1.4% and 1.6% respectively, up from 1.2% and 1.5% previously. Additionally, the Organisation for Economic Co-operation and Development (OECD) indicated that economic growth is projected to pick up moderately in 2018-19 as strong activity in trading partners boost exports. Investment is said to support growth on the assumption that business confidence will increase and policy uncertainty fades.

The recovery is expected to solidify and improve business sentiment that supports a modest rise in investment. In the short term the rand has gained around 8%.

Below are economic forecasts for 2018-2020 Outlook which are a guiding tool to help South African industries, SOE's, Agencies and business plan growth trajectories and position themselves for the future in the global economy given increased global competition for finance, investment, talent, and resources.

Figure 2: South Africa - Economic Forecasts - 2018-2020 Outlook

Overview	Actual	Q1/18	Q2/18	Q3/18	Q4/18	2020	Reporting Method
GDP Growth Rate	2.00	1.1	1.1	2.7	1.9	2.1	%
Interest Rate	6.75	6.5	6.5	6.5	6.75	7	%
GDP From Agriculture	82009.97	81747	77501	74390	73652	61200	ZAR Million
GDP From Mining	238564.29	238061	237596	236869	236344	240000	ZAR Million
Inflation Rate	4.70	4.6	4.9	5.2	5	5.1	%
Export Prices	149.10	150	150	150	150	149	Index Points
Interest Rate	6.75	6.5	6.5	6.5	6.75	7	%

MPUMALANGA ECONOMIC OUTLOOK:



Labour force profile

The labour force comprises of all the employed and the unemployed population in a region. The national labour force of 22.4 million individuals was 695 923 more at the end of the third quarter 2017 than a year earlier. The number of employed in South Africa increased by 358 475 while the unemployed increased by 337 449, or by 5.7 per cent, between the end of the third quarter 2016 and the end of the third quarter 2017.

As a result, the strict unemployment rate for South Africa increased from 27.1 per cent to 27.7 per cent between the third quarter 2016 and the third quarter 2017. The national labour absorption rate was 43.3 per cent at the end of the third quarter 2017, which was marginally higher than the 43.1 per cent registered a year earlier. The labour force participation rate at the end of the third quarter 2017 (59.9 per cent) was higher than the rate recorded at the end of the third quarter 2016.

The provincial labour force of around 1.74 million individuals was 50 658 more at the end of the third quarter 2017 than a year earlier (Table 7). The number of employed at 1 203 854 at the end of the third quarter 2017 was 29 722 more than at the end of the third quarter 2016. The number of employed was, however, 7 682 lower than the 1 211 536 in the previous quarter. The number of unemployed increased by 20 935 to 533 973 between the end of the third quarter 2016 and the end of the third quarter 2017. The number of discouraged workers increased by 17 178 to 228 089 over the last four quarters.

Labour force profile of Mpumalanga, 2016-2017

	Q3 2016	Q2 2017	Q3 2017	Q2 2017 to Q3 2017 change '000	Year-on-year change '000
	'000	'000	'000		
Working age population (15-64 years)	2 815	2 853	2 866	12	50
Not economically active	1 128	1 065	1 128	63	0
Labour Force/EAP	1 687	1 788	1 738	-50	51
Employed	1 174	1 212	1 204	-8	30
Unemployed	513	577	534	-43	21
Discouraged work seekers	211	216	228	12	17
Rates	%	%	%	%	%
Unemployment rate (strict definition)	30.4	32.3	30.7	-1.6	0.3
Unemployment rate (expanded definition)	41.4	41.4	41.5	0.1	0.1
Employed/population ratio (absorption rate)	41.7	42.5	42.0	-0.5	0.3
Labour force participation rate	59.9	62.7	60.6	-2.1	0.7

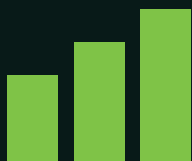
Source: Statistics South Africa – QLFS, 2017

Note: Due to rounding numbers do not necessarily add up to totals or change

The unemployment rate (strict definition) was 0.3 percentage points higher at the end of the third quarter 2017 (30.7 per cent) than a year earlier (30.4 per cent). It, however, declined by 1.6 percentage points from the second quarter 2017 relatively high level of 32.3 per cent. The unemployment rate according to the expanded definition was also marginally higher from a year earlier and slightly higher than the rate recorded at the end of the second quarter 2017. Over the last four quarters, the labour absorption rate increased/improved slightly to 42.0 per cent and the labour force participation rate also rose/improved to 60.6 per cent.

MPUMALANGA ECONOMIC OUTLOOK:

2.1.1 GDP growth



GDP growth

Economic growth target set at minimum average annual GDP growth of 5% (structural challenges – energy constraints, skills etc). Average annual economic growth rate for Mpumalanga 2.4% since 1995 - mining industry's growth only 1.0% pa for the same period influencing the provincial growth rate – high growth from Q1 2017 - Q3 2017 & positive impact on the provincial economy due to size of mining.

Mpumalanga has the potential to record growth rates of more than 4% - before the 2008/09 recession, the provincial growth rate was more than 4% pa between 2005 & 2007. Between 2009 & 2015, Mpumalanga recorded a GDP growth rate of only 1.9% per annum.

It is expected that Mpumalanga's economic performance will be in line with the national growth expectations in 2017 and 2018. It might be even higher, provided that the mining industry and more specifically the coal industry, is experiencing a high growth rate in the next couple of years - the average annual provincial growth rate for the 2016-2021 period is forecasted at 1.5% pa.

It is estimated that Mpumalanga's economy achieved real GDP growth of 1.4% in Q1, 4.2% in Q2 & 3.0% in Q3 2017. The Mpumalanga economy was therefore, unlike the South African economy, technically not in recession in 2016/17. The large contribution that mining makes to the provincial economy was the saving grace in this period.



Economic growth

Mpumalanga's economic growth was 2.9% in 2014 and -0.2% in 2015. Average growth of only 1.7% per annum between 2011 and 2015. Negative growth in 2016 and estimated growth in 2017 around 1%. Sluggish growth of 1.5% per annum is expected to persist between 2016 and 2021.



Unemployment and employment

Official unemployment rate = 30.7% in Q3 2017 and the expanded unemployment rate = 41.5%. The unemployed youth (15-34yr) was more than two-thirds of the total number of unemployed in Q3 of 2017. Job creation relatively low and far below target.



Poverty rate and income inequality

The share of Mpumalanga's population below the lower bound poverty line (LBPL) decreased/improved from 46.1% in 2011 to 42.6% in 2015 (2015 LBPL = R647 per person per month) according to the 2017 Poverty Report of Statistics South Africa. Between 2014 and 2016, income inequality has remained unchanged at 0.61 in terms of the Gini-coefficient measure of inequality.

Summary and conclusion

There needs to be a focus on speeding up the transition to a knowledge-based and service-orientated economy, adopting the appropriate industry development strategies and attracting investment to build infrastructure and stimulate growth in the province. Public infrastructure investment can play a leading role and must be equal to 10 per cent of provincial GDP by 2030, these could be achieved by focusing efforts towards:

- Promotion of black industrialists through exploiting opportunities presented by strategic initiatives such as, Industrial Technology Parks, Nkomazi SEZ.
 - The expansion of the provincial industrial base, focusing mainly on beneficiation, agro-processing and value chain development – establishment of an Agriculture & Forestry, Petro-Chemical, and Mining and Metals Technology Parks as well as Nkomazi Special Economic Zone (SEZ) is key.
-

MPUMALANGA ECONOMIC OUTLOOK:

1.2 The Internal Environment

MEGA has faced a lot of daunting challenges in the past. In any merger there is bound to be clashes at first that undermine the alliance formed by the merger especially multiple mergers. Business leaders have a difficult job in making strategic decisions to drive the future of their respective companies resulting in a downward spiral with some blame placed on "identity crisis". Expectations for growth in MEGA became hampered by the teething problems encountered during the initial stages of the mergers and in many instances, these spilled over to the long term running of MEGA.

However, in MEGA the availability of a leader with a long tenure and knowledge of the intricate business and how to turn it around stood it in good stead. Together with his executive team the leader was able to best harness the value and loyalty behind MEGA and solidify the mergers to maximize inclusiveness of the acquired entities.

Concomitant with the mergers was the challenge on high dependency on government funding. The incorporation of all the companies into one entity, MEGA, meant that its financial resources had to be stretched. In an instant there was a convergence of the company's managerial and financial resources and capabilities. MEGA as a single business could not give its full attention to all the goals once mergers were concluded and of critical importance is that it could not follow a growth pattern to enable it to be self-sustainable and be self-reliant.

Hence it fell into the concepts of "resource stretch" and "resource leverage". To survive it leveraged the financial resources provided by Government from which it now wants to free itself in order to be self-reliant. It is therefore imperative that it develops a clear funding model to ensure that it achieves its desire to be self-reliant.

To this end it will have to look into the following as guiding principles:

- a sense of direction – that is, a meaningful, consistent, and unifying sense of purpose and pattern that is to be maintained over time.
- a sense of discovering – that will provide opportunities to meet new challenges and explore the unfamiliar.
- a sense of destiny – that will create meaning, enthusiasm, inspiration, and commitment on the part of managers, employees, and stakeholders.

MEGA has a service offering that is currently unclear to many of its targeted stakeholders and it needs to revisit and redefine its service offering.

On the operation side, MEGA was impacted by the slow-down of the economy. This dampened the mood of investors and business, SOE's, agencies and entrepreneurs felt the debilitating effects of a slackened economy. Business confidence slumped.

Actual investment in production by private companies was in the middle of an unprecedented period of decline where there was no external crisis to blame. Indicators like arrears on rent showed that people are struggling to pay their way and this also impacted on MEGA's housing on recoveries.

Doomsday predictions about the rand and government debt before the Cabinet reshuffle and the downgrade that followed have nevertheless not materialised at all but were enough to scare investors and keep entrepreneurs paralyzed.

However, these challenges set about opportunities for MEGA management and its employees to position themselves as an agency with new and ambitious outlook to the future and the development of new growth endeavours.

This also allows mega an opportunity to identify key areas where it could start operating in order to bring about foreign direct investment and local direct investment.

Financial Structure

- MEGA currently has no existing funding model to enable the agency to be sufficient and self-reliant on its own funding.
- MEGA has property assets valued at 1.2 billion which can be utilized to ensure self-sustainability through capital raising and borrowings.

2. REVISION TO LEGISLATION AND OTHER MANDATES

2.1 The Regulatory Environment

Constitutional mandates

MEGA has been specifically mandated to drive growth in various sectors of the provincial economy and therefore provides opportunities to the citizens of Mpumalanga through the funding of projects, promotion of Small, Medium, and Micro Enterprises (SMME's), Cooperatives (Co-ops) and other businesses thereby contributing to the constitutional imperative in Section 22 of the Constitution, which stipulates that citizens have a right to choose their trade, occupation or profession freely.

Legislative Mandates

a) **MEGA Act 1 of 2010:**

The Act mandates that MEGA is established to accomplish the following:

- To provide funding in respect of property development; approved enterprises; housing loans; and agricultural development; focusing primarily on previously disadvantaged individuals within the Province;
- To focus on project management and development; and to manage immovable property;
- To promote foreign trade and investment so as to ensure enterprise and agricultural development that will significantly contribute to economic growth and development within the Province, with specific emphasis on Black Economic Empowerment;
- In achieving its objectives, MEGA shall endeavor to progressively increase its own revenue generation and collection; and
- The objectives of MEGA expressly exclude the objectives of the Mpumalanga Tourism and Parks Agency, The Mpumalanga Regional Training Trust and the Mpumalanga Gaming Board.

b) **Public Finance Management Act No 1 of 1999**

MEGA is listed and registered as a schedule 3D entity by virtue of being the successor in title of former MEGA and was established through MEGA Act 1 of 2010. Schedule 3 entities are regulated by Sections 47 and 76(4) of the PFMA. In terms of the Act, MEGA has a responsibility to adhere to a number of regulations that ensure the achievement of some of its objectives such as, real financial growth and sustainability, clean and unqualified audits and improved financial management capability maturity. The regulations in the Act include providing for, inter alia:

- Sound financial management;
- The efficient and effective management of all revenue, expenditure, assets and liabilities of the company; and
- The provision of responsibilities of persons entrusted with financial management in the organisation.

c) **National Credit Act No 34 of 2005**

The National Credit Act promotes a fair and non-discriminatory market place for access to consumer credit and therefore places a responsibility on MEGA, as it provides funding in respect of property development, granting of housing loans and enterprise development focusing on Historically Disadvantaged Individuals within the province to adhere to the regulations in the Act some of which include:

- Promoting fair and non-discriminatory practices in the granting of loans;
- Promoting black economic empowerment and ownership in its funded SMMEs and Co-operatives by applying fair credit and credit-marketing practices;
- Promoting responsible credit granting by giving loans only to qualifying individuals;
- Providing debt restructuring and debt counselling services for over-indebted clients;
- Establishing policies and standards relating to loans management and housing finance; and
- Promoting a consistent enforcement framework relating to debt management.

d) Financial Intelligence Centre Act No. 38 of 2001

The Finance Intelligence Centre Act's objective is to establish a Financial Intelligence Centre and a Money Laundering Advisory Council in order to combat money laundering activities and the financing of terrorist and related activities. The Act therefore imposes certain duties on institutions and other persons who might be used for money laundering purposes.

MEGA, through its various programmes, provides finance that facilitates development in the province and therefore recognises that there may be individuals who may circumvent the regulations in the Act. The Act will be applied, as intended, in MEGA's operations.

e) Housing Act No. 107 of 1997 (as amended through the Housing Amendment Act 4 of 2001)

The Housing Act provides for the facilitation of a sustainable housing development process and lays down general principles applicable to housing development. It also defines the functions of national, provincial and local governments in respect of housing and provides for the establishment of a South African Housing Development Board.

The Mpumalanga provincial government has placed the responsibilities outlined in the Act on MEGA. One of MEGA's strategic outcome oriented goals directly addresses this responsibility as it states that it aims "to increase access to affordable housing". Programme 5's performance delivery objectives will facilitate the achievement of this goal through its Loans Management and Housing Development sub-programmes.

f) Agriculture Laws Extension Act No. 87 of 1996

The objective of the Act is to provide for the extension of the application of certain laws relating to agricultural matters to certain territories which form part of the national territory of the Republic of South Africa.

MEGA has a programme that is responsible for the growth and development of the agricultural sector by providing financial and non-financial support to farmers and related agriculture businesses. MEGA has to ensure that its operations are in line with the regulations contained in this Act so as to contribute to the economic development of the province, as mandated.



2. REVISION TO LEGISLATION AND OTHER MANDATES

g) National Small Business Act No. 102 of 1996 (as amended through the National Small Business Amendment Act 29 of 2004)

The objective of the Act is to provide for the establishment of the Small Enterprise Development Agency (SEDA), mandated to implement government's small business strategy; design and implement a standard and common national delivery network for small enterprise development; and integrate government-funded small enterprise support agencies across all tiers of government.

Enterprise development in the province is to be accelerated through MEGA's promotion initiatives in a number of industries by providing support to Small, Medium and Micro Enterprises (SMME's) and to Co-operatives (Co-ops). MEGA will facilitate the establishment of provincial Small Business Councils as it has a mandate to promote and develop businesses in the province.

The above Acts are legislative mandates that place instrumental responsibilities on the board, executive and staff of MEGA in terms of how MEGA's operations are conducted. However there are other Acts that regulate MEGA's operations that include, inter alia,

- Basic Conditions of Employment Act, 1997;
- Labour Relations Act no 66 of 1995;
- Companies Act of 2008 Act No. 71 of 2008;
- Preferential Procurement Policy Framework Act No. 5 of 2000;
- Employment Equity Act No. 55 of 1998;
- Skills Development Act No. 97 of 1998;
- Income Tax Act No. 58 of 1962;
- Broad-Based Black Economic Empowerment Act No. 53 of 2003;
- South African Reserve Bank Act No. 90 of 1989;
- Co-operative Banks Act No. 40 of 2007; and
- Customs and Excise Act No. 91 of 1964.

Policy mandates

MEGA's strategic focus and initiatives are guided by the following policy mandates:

a) Mpumalanga Economic Growth and Development Path

The Mpumalanga Economic Growth and Development Path (MEGDP) outlines a set of strategic choices and potential paths that will contribute towards a growing sustainable Mpumalanga economy which provides economic opportunities and work for all citizens. The core vision is to build an equitable and inclusive economy that supports an improved quality of life for all the people of Mpumalanga.

The overarching objectives are:

- Increased employment by developing sectors with sustainable labour absorption potential;
- Sustainable economic growth by developing sectors with high growth potential
- Greater equity and a decreased poverty rate (sustainable human development) as more citizens will have access to employment and the benefits of economic growth.

MEGA has developed its strategic plan and policies towards achieving the goals set out in the MEGDP.

b) National Development Plan

The National Development Plan (NDP) is a government-initiated plan to eliminate poverty and reduce inequality by 2030. The plan sketches out the key structural changes required for sustainable social and economic growth.

MEGA's programmes are aligned to meet the aims of the NDP as MEGA's strategic plan is geared to ensure sustainable development and economic growth in the province that will contribute to job creation, poverty alleviation, redressing the inequalities of the past and the beneficiation of the province's resources. This includes the expansion of infrastructure and the improvement and efficient use of rural spaces through the promotion and development of Co-operatives. Co-operatives are autonomous associations of persons who entirely co-operate for their mutual social economic and cultural benefits. Co-operatives include non-profit community organisations and businesses that are owned and managed by the people who use the services (consumer co-operative) and by people who work there (worker co-operative) or by people who live there (housing cooperative).

c) Industrial Policy Action Plan (IPAP) 2010/11 to 2012/13

The Industrial Policy Action Plan, 'IPAP 2', is a three-year rolling industrial-related roadmap for the Medium-Term Expenditure Framework (MTEF) period 2010/11 to 2012/13 financial years.

MEGA has placed priority on the development and management of its properties, which include heavy duty and light industrial parks that provide factory space for industries. This is aimed towards helping to build South Africa's industrial base in critical sectors of production and value-added manufacturing, which are labour absorbing industries as provided for in IPAP 2.

This will address the decline in industrial and manufacturing capacity and contribute to the reduction of chronic unemployment in line with the MEGDP and IPAP.

d) Spatial Development Initiatives (SDIs)

During the 90's, South Africa adopted an export-orientated focus which necessitated efficient transportation of goods to the coast with the aim of maximizing competitiveness of export products in the global markets. The Maputo Corridor was then conceptualized as one of the spatial development initiatives.

In line with this initiative, MEGA in conjunction with the Department of Trade and Industry (the dti) is involved in the establishment of the Komatipoort Dry Port. The Port will provide an outlet for goods and products to foreign markets for businesses in the province and thereby increase foreign trade.

Relevant court rulings

None.

Provincial Development Financial Institutions Review

The National Treasury conducted reviews of eight provincial development finance institutions with an aim to assist the Treasury in developing a policy to coordinate the activities of South Africa's development finance institutions more effectively and increase their developmental impact.

The review assessed MEGA in terms of six broad categories: mandate, financial sustainability, organisational and institutional arrangements, corporate governance and regulation, risk management and developmental effectiveness. The high-level findings were communicated to the entities and they were provided with an opportunity to respond on the findings and outline plans to address the findings. In developing its Corporate Plan, MEGA has taken the above findings into consideration and has ensured that the recommendations find expression within its strategies.



3. OVERVIEW OF 2018 BUDGET AND MTEF ESTIMATES

3.1 Expenditure Estimates

PROGRAMMES	EXPENDITURE OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM-TERM EXPENDITURE ESTIMATES		
	2015/16	2016/17	2017/18	2017/18	2018/19	2019/20	2012/21
1. Office of the CEO	17,654	20,286	24,715	21,704	22,328	23,674	25,078
2. Corporate Services	24,278	31,200	38,466	32,547	34,131	36,222	38,406
3. Finance	52,528	93,552	44,597	37,652	38,356	40,674	43,091
4. Strategy & Communication	11,596	15,551	26,140	25,971	27,143	43,304	68,717
5. Properties & Infrastructure	192,181	267,248	514,580	514,980	488,178	763,148	1,185,520
6. Funding	70,313	120,642	151,847	187,561	409,798	360,799	407,175
TOTAL	368,551	548,479	800,345	820,415	1,019,933	1,267,820	1,767,987

ECONOMIC CLASSIFICATION

PROGRAMMES	EXPENDITURE OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM-TERM EXPENDITURE ESTIMATES		
	2015/16	2016/17	2017/18		2018/19	2019/20	2012/21
Current payments	272,198	367,674	361,288	379,808	568,547	713,005	927,009
Compensation of employees	99,343	105,715	114,193	112,058	119,462	152,174	202,655
Goods and services							
of which:							
Accommodation and travelling	2,288	2,696	3,064	3,319	3,294	3,972	4,948
Advertising / marketing	1,533	3,374	1,334	2,043	1,863	2,765	4,138
Apportionment expense	-	6,592	-	-	-	-	-
Audit fees	6,784	5,902	5,813	7,012	6,079	6,420	6,773
Bad debts	-	41,432	-	-	-	-	-
Board fees	1,574	1,860	2,252	1,319	1,419	1,498	1,581
Bulk services purchases	98,698	86,268	102,317	69,387	74,841	116,753	180,967
Catering / conferences	454	607	434	430	499	607	762
Cleaning services	225	259	296	406	514	802	1,243
Communication	1,156	1,274	1,303	1,273	1,273	1,344	1,418
Consumables / groceries and loose tools	93	168	169	140	140	163	195

ECONOMIC CLASSIFICATION CONTINUED

PROGRAMMES	EXPENDITURE OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM-TERM EXPENDITURE ESTIMATES		
	2015/16	2016/17	2017/18		2018/19	2019/20	2012/21
Corporate gifts and donations	105	372	400	609	8	12	19
Cost of sales - lemons	3,089	14,740	3,816	4,538	3,680	5,741	8,898
Cost of sales - wine	3	10	4	5	5	7	12
Depreciation	-	10,374	10,802	11,097	10,495	15,940	24,260
Employee cost - other	339	1,275	2,999	1,136	857	905	955
EPWP	733	829	789	900	1,000	1,056	1,114
Farm purchases - inventory	358	(263)	1,867	1,725	1,929	3,009	4,664
Fees paid - commission, taxes and levies	5	2	3	5	5	7	10
Government Nutrition Programme	-	-	-	62,000	234,776	247,924	261,560
Host investor conference	-	146	1,316	2,756	-	-	-
Insurance fees	5,626	5,945	5,921	6,746	7,112	11,095	17,198
Interest and bank charges paid	230	2,130	1,180	1,184	437	461	486
IT services	3,500	3,501	3,643	2,106	2,106	2,224	2,346
Legal fees	1,991	5,388	8,444	5,623	5,623	5,938	6,264
Loss on sale/scrap of assets	-	297	-	140	-	-	-
Maintenance and repairs	5,243	5,299	6,676	5,027	5,027	7,733	11,875
Office removal	545	235	632	503	-	-	-
Operating leases - building and equipment	34	7,961	8,207	7,986	8,894	13,562	20,696
Organisational Development - including recruitment and relocation	1,434	4,138	2,632	4,142	3,237	3,419	3,607
Other expenses	13	13	-	20	20	31	48
Postage and stationery	946	1,240	1,202	477	477	504	531
Professional fees	9,453	15,671	29,577	26,121	32,115	43,916	61,656
Protective clothing	4	87	120	149	331	364	407
Security services	10,229	11,353	14,448	14,771	15,025	23,439	36,331
Specialised services - electrical, landfill and water waste	3,073	3,459	3,970	4,760	6,795	10,600	16,430
Statutory reports compilation	270	373	620	620	620	967	1,499
Storage expenses	5	-	268	148	301	318	335
Subscriptions and licences	222	342	499	691	489	606	775
Trade and investment missions and exhibitions	2,101	3,027	3,965	4,040	4,218	6,580	10,199
Training and bursaries	557	714	1,363	437	1,403	1,482	1,563
Vehicle cost	109	296	371	371	371	579	897
Water and electricity	9,481	11,419	11,374	9,776	9,776	15,244	23,622
Workshops	352	1,156	3,008	1,815	2,030	2,844	4,073

3. OVERVIEW OF 2018 BUDGET AND MTEF ESTIMATES

ECONOMIC CLASSIFICATION CONTINUED

PROGRAMMES	EXPENDITURE OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM-TERM EXPENDITURE ESTIMATES		
	2015/16	2016/17	2017/18		2018/19	2019/20	2012/21
Financial obligations	86,413	25,799	25,148	20,748	13,223	13,964	14,732
DBSA loan repayments	20,237	9,389	9,389	9,389	4,582	4,838	5,104
VAT obligations	24,262	16,411	15,759	11,359	8,641	9,125	9,627
City of Tshwane Debt	41,914	-	-	-	-	-	-
Capital assets	5,020	2,237	10,915	10,755	6,673	9,160	12,900
Bulk infrastructure - transformer / electric network	-	1,531	-	-	-	-	-
Intangible assets - software	286	-	1,500	1,350	877	926	977
IT equipment	767	509	1,164	764	485	512	540
Motor vehicles	-	-	-	-	-	-	-
Office equipment	90	84	107	367	1,020	1,077	1,136
Plant and machinery	50	113	144	104	99	105	110
Property - renovations	3,827	-	8,000	8,170	4,192	6,540	10,136
Loan advances	4,880	45,362	45,000	34,638	20,298	21,435	22,614
Home loans	2,698	8,701	5,000	9,620	4,938	5,215	5,502
SMME and Co-Ops	928	27,270	40,000	17,993	8,190	8,649	9,125
Agricultural loans	1,255	9,391	-	7,025	7,169	7,571	7,987
SUB TOTAL	368,511	441,072	442,351	445,948	608,742	757,562	977,254
Strategic Initiatives	40	107,407	357,994	374,467	411,192	510,258	790,733
Donkerhoek Bottling Plant	40	353	3,994	394	319	337	356
Economic rejuvenation fund	-	-	-	-	20,000	-	-
Establishment of a Creative Industry Commission	-	-	7,000	3,000	8,000	-	-
Establishment of Infrastructure Unit	-	5,738	-	-	-	-	-
Establishment of Provincial Infrastructure Fund	-	5,640	-	-	-	-	-
Government Nutrition Programme - Infrastructure	-	-	-	37,000	-	-	-
Mpumalanga International Fresh Produce Market	-	86,000	307,000	307,000	320,488	499,961	774,940
Nkomazi Special Economic Zone (SEZ)	-	6,672	13,600	7,500	6,384	9,960	15,437
SABS product certification programme	-	-	-	6,757	10,000	-	-
Sanitary towel Programme	-	-	1,400	1,500	20,000	-	-
SMME kick start programme	-	-	17,000	2,500	2,500	-	-
Township Revitalisation Initiative	-	3,005	5,000	5,816	-	-	-
Tyre business Programme	-	-	3,000	3,000	3,500	-	-
Mining incubation	-	-	-	-	20,000	-	-
TOTAL	368,551	548,479	800,345	820,415	1,019,933	1,267,820	1,767,987

RELATING EXPENDITURE TRENDS TO STRATEGIC OUTCOME ORIENTED GOALS

BUDGET ALLOCATION - 2018/19

OWN REVENUE AND GRANT REVENUE SHARE	Budget R'000	Budget %	EXCL. CONDITIONAL GRANTS %
Own Revenue	486,016	50%	85%
Operational Government Grant*	84,316	9%	15%
Conditional Government Grant	404,807	42%	0%
Total budget	975,139	100%	100%

* Operational Grant = R91 957K - R8 641 (VAT) + R1 000K EPWP Grant

Conditional grants include:

Mpumalanga International Fresh Produce Market	320,488	**
Economic rejuvenation fund	20,000	**
Establishment of a Creative Industry Commission	8,000	**
Tyre business programme	3,500	
SABS product certification programme	10,000	
Sanitary towel programme	20,000	
SMME kick start programme	2,500	
Mining incubation	20,000	
Donkerhoek expenses	319	**
Total	404,807	

** Carried forward from previous financial year/s



PART B

PERFORMANCE INFORMATION

4. MEGA'S BALANCED SCORECARD

The entity adopted the balanced scorecard (BSC) methodology as a strategic measurement and management tool which shall be reviewed and updated on an annual basis to take into account any changes in the entity's strategy or reflect key focus areas over the medium term.

The baseline figures are the estimated performance for the 2017/2018 financial year, and do not represent a trend over a three to five year period.

The framework takes into account the Auditor General's requirement for the external auditors to perform certain procedures on a PFMA listed entity's performance scorecard and report their findings in their audit report. The scorecard reflected in this section will thus be used for reporting purposes to the Board and the Shareholder on a quarterly basis and ultimately form part of MEGA's Annual Report.

4.1 BALANCED SCORECARD FOR 2018/19 – 2021/22 [1]

Focus Area	Planning Level	Strategic Goals	Key Performance Indicator	Baseline R'000	MTEF Targets R'000		
				2017/18	2018/19	2019/20	2020/21
INVESTMENT	Strategic Goal .1	Increased generation of compelling investment propositions that are aligned to the province's competitive advantages	Rand value of investment projects approvals	R 300,040,000	R 350,018,000	R 500,162,000	R550,235,000
	Strategic Goal .2	Increased implementation of suitable high impact investments opportunities in the province	Rand value of investment projects disbursements	R 81,600	R 473,000	R 843,000	R 1,007,000
	Strategic Goal .3	Increased attraction of suitable investors to the Province based on an attractive value proposition and attractive investment opportunities	Value of Investment opportunities attracted	R 2,500,500	R 1,250,00	R 1,750,000	R1,850,000
	Strategic Goal .4	Increased BBBEE participation in various property and infrastructure projects	Proportion of work allocated to targeted entities	35%	35%	35%	40%
EXPORT & TRADE	Strategic Goal .5	Repositioning export trade at the top of the hierarchy of Public and Private sectors priorities	Number of key initiatives undertaken to position the Province in key markets	19	23	26	28
ORGANISATIONAL CAPABILITIES	Strategic Goal .6	High Performing Organisation	Level of Organisational Performance	70%	75%	80%	85%
GOVERNANCE RISK MANAGEMENT	Strategic Goal .7	Enhanced Operational Excellence	% achieved on internal controls, processes and systems identified for implementation	0%	100%	100%	100%
FINANCIAL SUSTAINABILITY	Strategic Goal .8	Reduced government dependency	Ratio of own revenue v/s Grant Funding	70:30	85:15	85:15	90:15
CORPORATE REPUTATION	Strategic Goal .9	Improved Corporate Image of MEGA	% Rating of MEGA Corporate Image	1	2	3	4

[1] A detailed Balanced Scorecard is outlined under Annexure I.

4. MEGA'S BALANCED SCORECARD

4.2 SUMMARISED BALANCED SCORECARD FOR 2018/19

STRATEGIC GOAL		KEY PERFORMANCE INDICATORS	2018/19 TARGET
CUSTOMER PERSPECTIVE: INTERNAL AND EXTERNAL			
#1	Increased generation of compelling investment propositions that are aligned to the province's competitive advantages	Total approvals	R 350 million
#2	Increased implementation of suitable high impact investments opportunities in the province	Total value of investment projects disbursements	R 473 million
#3	Increased attraction of suitable investors to the Province based on an attractive value proposition and attractive investment opportunities	Total investment opportunities attracted in the Province	R 1.3 billion
#4	Optimised developmental impact of each investment opportunity	Proportion of work allocated to targeted entities	35%
#5	Repositioning export trade at the top of the hierarchy of Public and Private sectors priorities	Key initiatives undertaken to position the Province in key markets	23
FINANCIAL PERSPECTIVE			
#8	Reduced government dependency	Ratio of own revenue v/s Grant Funding	60:40
		Rand Value of Revenue Generated	R470m
ORGANIZATIONAL CAPACITY PERSPECTIVE: PEOPLE AND GROWTH			
#6	High Performing Organisation	Level of Organisational Performance	75%
		Interventions implemented to ensure an effective performance management strategies	6
BUSINESS PROCESS PERSPECTIVE			
#7	Enhanced Operational Excellence	Initiatives undertaken to ensure improved internal controls, processes and systems	16
		Audit opinion expressed by Auditor-General	Unqualified
#9	Improved Corporate Image of MEGA	Rating on MEGA's Corporate Image	2

5. STRATEGIC GOALS



MEGA goals are derived from the above expected impact and are captured as follows:

- Increased MEGA Brand and Reputation;
- Achieved Financial Sustainability;
- Enhanced organisational sustainability;
- High Performing Organisation; and
- Increased implementation of suitable high impact investments opportunities in the province.

6. STRATEGIC OBJECTIVES



In order to achieve the above strategic goals, MEGA will strive to achieve the following strategic objectives:

- Increased generation of compelling investment propositions that are aligned to the province's competitive advantages;
- Increased implementation of investment opportunities by working closely with partner investors and injecting own capital where possible;
- Enhanced developmental impact of each investment opportunity;
- Increased attraction of suitable investors based on an attractive value proposition and attractive investment opportunities;
- Increased corporatization of the wholly owned entities;
- Improved efficiency and effectiveness of the Administration;
- Enhanced organizational culture to support the execution of the strategy;
- Enhanced internal controls, systems and processes to ensure effective governance and risk management;
- Improved Financial Standing; and
- Improved Corporate Image of MEGA.

7. DEVELOPMENT IMPACT



Impact is the long-term outcome or consequence of MEGA's activities and the effect this impact has on the people of Mpumalanga and the environment. MEGA's legislative mandate and mission give direction regarding what is expected from MEGA in the long term.

The impact of MEGA shall be measured through periodic evaluations within a range of three to five years.

Expected Impact:

- **Funding:** Increased contribution of small enterprises to the Mpumalanga economy, and promotion of economic growth, job creation and equity;
- **Property & Infrastructure:** Reduced dependency on government grant and ensure long-term financial sustainability; and
- **Trade & Investment:** Improved marketing and positioning of the Province in key markets.



A close-up photograph of two hands shaking, symbolizing agreement or partnership. The hands are of different skin tones, and the background is blurred.

PART B2

PROGRAMME
& SUB PROGRAMME PLANS

8. PROGRAMME OFFICE OF THE CEO



8.1 PURPOSE

The core purpose of the division is as follows:

- Effective administrative, secretarial and advisory services to the Board to ensure that the Board's activities are carried out in line with the PFMA requirements and the Code of Good Practice.
- Legal support by ensuring that MEGA complies with all statutory and legislative compliance thereby enabling MEGA to deliver on its mandate.
- Assist the entity accomplish its objectives by bringing a disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.

8.2 BUSINESS MODEL

- Provide the directors with guidance as to their statutory duties, responsibilities and powers by making the directors aware of all legislation and regulations relevant to the organisation;
- Serve as a link between the Board and Management and guide Management to understand the expectations of the Board;
- Advise the Board in respect of corporate governance requirements and practices as well as effective Board processes;
- Take the lead in the proper induction and orientation of new directors; and assess specific training needs of in-experienced directors;
- Compile board papers in line with the required standards of good corporate governance;
- Follow up on the implementation of Board resolutions.
- Provide reliable, timeous legal opinions with minimum transactional costs;
- Provide sound legal administrative services and approachable legal advice;
- Monitor and ensure legislative compliance with statutory requirements.
- Ensure effective management of outsourced litigation matters.
- Liaise with internal and external stakeholders on all legal matters.
- Deliver unquestionable stakeholder value and satisfaction;
- Create and promote an entity-wide control infrastructure and consciousness which ensures integrity and ethics in the entity's operating environment;
- Employ state of the art technological tools and techniques;
- Continue professional development; and
- Hire the best people in the division.

8.3 VALUE PROPOSITION

Our intricate knowledge of good governance principles, the Companies Act and other regulatory legislation enables us to provide the Board of Directors and our internal stakeholders with guidance when it comes to the efficient administration of the entity, particularly with regard to ensuring compliance with statutory and regulatory requirements and for ensuring that decisions of the Board of Directors are implemented.

We ensure compliance of the entity with legislative requirements and provide accessible, professional and effective legal services to all divisions at MEGA, and leverage resources to enhance the unit's effectiveness, organizational impact, and become highly cost-effective.

We perform internal audit functions, report audit results to Management, Accounting Officer and the Audit Committee and perform follow-up reviews of audit recommendations.

8. PROGRAMME 1: OFFICE OF THE CEO

8.4 ANNUAL TARGETS

Strategic Goal 7: Enhanced Operational Excellence

Strategic Objective (Divisional)	Performance Indicators (Outputs)	Audited/Actual Performance			Estimated Performance	Medium-term Performance Targets		
		2014/15	2015/16	2016/17		2017/18	2018/19	2019/20
Improved internal controls, processes and systems	Number of initiatives as per divisional plans undertaken to ensure improved internal controls, processes and systems	New	New	New	0	4	4	4
Improved internal controls, processes and systems	Number of reviews performed on Shareholders Compact, Board Charter and Board Committees Terms of Reference	New	New	New	1	1	1	1
Improved compliance with governing Legislation & organisational Policies	Number of Governance Policy Manuals developed / reviewed	New	New	New	1	1	1	1
Strengthened legal support to enable MEGA to deliver on its mandate	Number of reports produced covering all matters relating to legal support	New	New	New	4	4	4	4
Strengthened Internal Controls systems and processes to ensure effective governance and risk management	Level of implementation of three (3) year Internal Audit Plan	New	New	New	100%	100%	100%	100%

8.5 QUARTERLY TARGETS

Strategic Goal 7: Enhanced Operational Excellence

Strategic Objective (Divisional)	Performance Indicators (Outputs)	Reporting Period	Annual Target 2018/19	Quarterly Targets			
				1st	2nd	3rd	4th
Improved internal controls, processes and systems	Number of initiatives as per divisional plans undertaken to ensure improved internal controls, processes and systems	Annually	4	0	0	0	4
Improved functionality of the Board/ Board Committees structures	Number of reviews performed on Shareholders Compact, Board Charter and Board Committees Terms of Reference	Quarterly	1	1	0	0	0
Improved compliance with governing Legislation & organisational Policies	Number of Governance Policy Manuals developed / reviewed	Quarterly	1	0	0	0	1
Strengthened legal support to enable MEGA to deliver on its mandate	Number of reports produced covering all matters relating to legal support	Quarterly	4	1	1	1	1
Strengthened Internal Controls systems and processes to ensure effective governance and risk management	Level of implementation of three (3) year Internal Audit Plan	Quarterly	100%	25%	50%	75%	100%

8.6 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET & MTEF

Subprogramme	Expenditure Outcome			Adjusted Appropriation	Medium-term Expenditure Estimate		
R Thousand	2015/16	2016/17	2017/18	2017/18	2018/19	2019/20	2020/21
Administration	8,510	7,817	8,938	7,609	8,753	9,285	9,840
Company Secretariat & Legal	5,142	8,296	11,630	8,708	8,923	9,454	10,007
Internal Audit	4,002	4,174	4,147	5,387	4,652	4,936	5,232
TOTAL	17,654	20,286	24,715	21,704	22,328	23,674	25,078
Economic Classification							
Current payments	17,654	20,286	24,715	21,704	22,328	23,674	25,078
Compensation of employees	8,329	9,066	9,735	8,979	9,563	10,195	10,857
Goods and services							
of which:							
Accommodation and travelling	1,362	1,208	1,384	1,568	1,506	1,591	1,678
Audit fees	1,951	2,122	1,917	3,116	2,184	2,306	2,433
Board fees	1,574	1,860	2,252	1,319	1,419	1,498	1,581
Catering / conferences	152	120	168	130	179	189	200
Corporate gifts and donations	103	369	392	605	-	-	-
Legal fees	1,991	5,388	8,444	5,623	5,623	5,938	6,264
Professional fees	2,172	-	-	288	1,469	1,551	1,636
Subscriptions and licences	20	79	105	77	67	70	74
Training	-	75	319	-	319	336	355
TOTAL	17,654	20,286	24,715	21,704	22,328	23,674	25,078

8.PROGRAMME

CORPORATE SERVICES



9.1 PURPOSE

The Corporate Services division exists to render a comprehensive integrated human capital management and administration function, integrated Information and communication services as well as Enterprise Wide Risk Management function to enable the organization to deliver on its mandate as enshrined in the Corporate Strategy. It seeks to:

- Promote sound employee relations and labour stability.
- Promote and practice effective recruitment and retention practices
- Encourage a culture of excellence and high work ethic.
- Promote a safe and healthy working environment for all employees
- To constantly develop individual employees through training interventions.
- Create a risk intelligent organization
- Provide an inclusive integrated and interoperable business systems processes that enables the execution of the corporate strategy.

9.2 BUSINESS MODEL

- Promote and implement an effective human resource strategy and systems that seek to ensure effective recruitment and retention practices;
- Promote a culture of high performance, culture of excellence and a high work ethic;
- Promote a safe and healthy working environment for all employees and constantly develop employees through training interventions;
- Ensure that MEGA has an optimal Organisational Structure with graded posts and job descriptions; and
- Ensure effective employer / employee relations.
- The administration of learnership programmes;
- The administration of Experiential Learning Programmes;
- Administration of Employee Study Assistance Scheme;
- The co-ordination of training and development (skills programmes);
- Administration of Internship programme;
- The administration of leave, Payroll and remuneration benefits for employees;
- The safeguarding of Employee Records and to administer payroll;
- The administration of MEGA Conditions of Service;
- Maintaining an enterprise records management system that is aligned to applicable legislation (the complete records management value chain, i.e. from the creation of records to disposal thereof);
- Develop and implement fully integrated information technology systems, IT governance and operational structure, as well as business continuity;
- Provide effective records and information management to enhance greater accountability; and
- Provide and implement an effective enterprise-wide risk management function through a structured, consistent and continuous process across the whole organization.

9.3 VALUE PROPOSITION

We deliver a world class human capital management service through strategic partnerships with our stakeholders.

We provides a world class integrated communications technology that supports the achievement of the MEGA strategic and operational objectives.

We create and preserve value by optimizing the performance of the organisation's assets through effective enterprise risk management

9. PROGRAMME 2: CORPORATE SERVICES

9.4 ANNUAL TARGETS

Strategic Goal 6: High Performing Organization

Strategic Objective (Divisional)	Performance Indicators (Outputs)	Audited/Actual Performance			Estimated Performance 2017/18	Medium-term Performance Targets		
		2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
Effective Performance Management Strategies	Number of interventions as per divisional plans implemented to ensure an effective performance management strategies	New	New	New	0	4	4	4
Increased performance of employees	% Implementation of Performance Management System	New	New	New	3%	30%	50%	80%
Enhanced organizational culture to support the execution of the strategy	Organisational Culture Index	New	New	New	70%	75%	80%	95%
Improved efficiency and effectiveness of the Administration	Level of Employee Satisfaction	New	New	New	New	60%	65%	70%
Increased alignment between the job requirements and skills level	Level of alignment of jobs to skills requirements	New	New	New	New	50%	60%	70%
Improved internal controls, processes and systems	Number of initiatives as per divisional plans undertaken to ensure improved internal controls, processes and systems	New	New	New	0	6	6	6
Enhanced all-inclusive and integrated information management system	Level of implementation of an all-inclusive and integrated information management system	New	New	New	0%	10%	40%	70%
Increased provision of a secured, stable and compliant ICT environment	% achievement of ICT systems uptime	New	New	New	20%	90%	98%	98%
Improved Records Management practices	Level of implementation of records management system	New	New	New	40%	50%	60%	70%
Improved level of risk awareness across the organization	% of strategic and operational risks mitigated	New	New	New	10%	20%	60%	75%
Improved Risk Maturity level	% improvement in risk maturity level	New	New	New	2%	10%	40%	60%
Improved effectiveness of the Risk Management Committee	Level of effectiveness of the RMC	New	New	New	20%	100%	100%	100%

9. PROGRAMME 2: CORPORATE SERVICES

9.5 QUARTERLY TARGETS

Strategic Goal 6: High Performing Organization

Strategic Objective (Divisional)	Performance Indicators (Outputs)	Reporting Period	Annual Target 2018/19	Quarterly Targets			
				1st	2nd	3rd	4th
Effective Performance Management Strategies	Number of interventions as per divisional plans implemented to ensure an effective performance management strategies	Quarterly	4	0	0	0	4
Increased performance of employees	% Implementation of Performance Management System	Quarterly	30%	5%	10%	20%	30%
Enhanced organizational culture to support the execution of the strategy	Organisational Culture Index	Annually	75%	0	0	0	75%
Improved efficiency and effectiveness of the Administration	Level of Employee Satisfaction	Annually	60%	0%	0%	0%	60%
Increased alignment between the job requirements and skills level	Level of alignment of jobs to skills requirements	Annually	50%	0	25%	0	50%

Strategic Goal 7: Enhanced Operational Excellence

Strategic Objective (Divisional)	Performance Indicators (Outputs)	Reporting Period	Annual Target 2018/19	Quarterly Targets			
				1st	2nd	3rd	4th
Improved internal controls, processes and systems	Number of initiatives as per divisional plans undertaken to ensure improved internal controls, processes and systems	Annually	6	0	0	0	6
Enhanced all-inclusive and integrated information management system	Level of implementation of an all-inclusive and integrated information management system	Quarterly	30%	5%	10%	5%	10%
Increased provision of a secured, stable and compliant ICT environment	% achievement of ICT systems uptime	Quarterly	90%	90%	90%	90%	90%
Improved Records Management practices	Level of implementation of records management system	Annually	50%	5	10	10	25
Improved level of risk awareness across the organization	% of strategic and operational risks mitigated	Quarterly	20%	5%	5%	5%	5%
Improved Risk Maturity level	% improvement in risk maturity level	Annually	10%	0	5%	0	5%
Improved effectiveness of the Risk Management Committee	Level of effectiveness of the RMC	Annually	100%	0	0	0	100%

9. PROGRAMME 2: CORPORATE SERVICES

9.6 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET & MTEF

Subprogramme	Expenditure Outcome			Adjusted Appropriation	Medium-term Expenditure Estimate		
R Thousand	2015/16	2016/17	2017/18	2017/18	2018/19	2019/20	2020/21
Administration	6,032	6,092	7,090	7,162	7,130	7,577	8,044
Human Resources	11,064	15,140	18,647	15,639	16,221	17,226	18,277
Information Communication Technology	7,181	9,786	11,756	9,206	9,969	10,562	11,179
Enterprise-wide Risk Management	-	182	973	540	811	857	905
TOTAL	24,278	31,200	38,466	32,547	34,131	36,222	38,406
Economic Classification							
Current payments	23,225	30,691	35,801	30,432	32,769	34,783	36,888
Compensation of employees	12,284	14,302	15,956	16,876	17,978	19,164	20,410
Goods and services							
of which:							
Accommodation and travelling	177	279	320	360	388	410	432
Assessments and workshops	-	150	660	370	633	668	705
Catering / conferences	60	50	59	111	131	139	146
Consumables / groceries	87	163	165	109	109	115	121
Depreciation	-	899	474	899	610	644	679
Employee cost - other	339	1,275	2,999	1,136	857	905	955
Human Resources Development	557	639	1,045	437	1,084	1,145	1,208
IT services	499	781	914	957	957	1,011	1,066
IT services - network and 3G's	3,001	2,720	2,729	1,149	1,149	1,213	1,280
Office removal	545	235	632	503	-	-	-
Operating leases - equipment	-	472	304	354	304	321	338
Organisational Realignment (OD)	326	3,972	877	4,077	-	-	-
Postage and registration	63	80	70	95	95	100	106
Professional fees	1,204	1,760	3,691	1,003	2,839	2,998	3,163
Protective clothing	0	0	-	-	302	319	337
Recruitment (Incl. Advertising)	900	129	1,316	36	1,869	1,973	2,082
Relocation costs	208	38	439	29	1,369	1,445	1,525
Stationery and printing	883	1,161	1,132	382	382	403	426
Storage cost	-	-	268	148	301	318	335
Subscriptions and licences	62	12	11	121	131	138	146
Team building and workshops	-	302	439	9	9	9	10
Telephone / communication	1,156	1,274	1,303	1,273	1,273	1,344	1,418
Water and electricity	873	-	-	-	-	-	-
Payments for capital assets	1,053	509	2,664	2,114	1,362	1,438	1,518
IT equipment	767	509	1,164	764	485	512	540
Intangible assets - software	286	-	1,500	1,350	877	926	977
TOTAL	24,278	31,200	38,466	32,547	34,131	36,222	38,406

10. PROGRAMME FINANCE



10.1 PURPOSE

The division provides fiscal leadership, safeguarding of assets, ensuring compliance to laws and regulations and providing timely delivery of services to internal and external stakeholders and customers.

10.2 BUSINESS MODEL

We provide relevant/ intelligent financial analyses, interpretation and advice by:

- Focusing on outputs, therefore the internal and external customer.
- Having the necessary technical awareness (competence).
- Ensuring financial sustainability and collecting what is due to the Entity.
- Balancing governance with service delivery.
- Ensuring that the financial and accounting systems have absolute integrity.

10.3 VALUE PROPOSITION

We are a support function that provides relevant information for strategic decision-making.

10.4 ANNUAL TARGETS

Strategic Goal 7: Enhanced Operational Excellence

Strategic Objective (Divisional)	Performance Indicators (Outputs)	Audited/Actual Performance			Estimated Performance 2017/18	Medium-term Performance Targets		
		2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
Improved internal controls, processes and systems	Number of initiatives as per divisional plans undertaken to ensure improved internal controls, processes and systems	New	New	New	0	2	1	1
Improved business processes	Number business process mapping projects completed	New	New	New	0	1	0	0
Improved standard operating procedures	Frequency of review performed on standard operating procedures	New	New	New	0	1	1	1
Improved audit Outcome	Audit opinion expressed by Auditor-General	New	New	New	Qualified	Unqualified	Unqualified	Unqualified

10.4 ANNUAL TARGETS

Strategic Goal 7: Enhanced Operational Excellence

Strategic Objective (Divisional)	Performance Indicators (Outputs)	Audited/Actual Performance			Estimated Performance 2017/18	Medium-term Performance Targets		
		2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
Improved Asset Management	Frequency of updates performed on Fixed Asset Register (FAR)	New	New	New	12	12	12	12
Improved compliance with SCM prescripts	% reduction in unauthorised expenditure	New	New	New	New	50%	70%	90%
Strategic Goal 8: Reduced government dependency								
Increased Revenue Generated	Rand Value of Revenue Generated	New	New	New	New	R 455m	R 485m	R 548m
Increased revenue streams	3	New	New	New	2	3	3	3
Improved Revenue Collection	Number of debtors days	New	New	New	300	210	120	90

10.5 QUARTERLY TARGETS

Strategic Goal 7: Enhanced Operational Excellence

Strategic Objective (Divisional)	Performance Indicators (Outputs)	Reporting Period	Annual Target 2018/19	Quarterly Targets			
				1st	2nd	3rd	4th
Improved internal controls, processes and systems	Number of initiatives as per divisional plans undertaken to ensure improved internal controls, processes and systems	Annually	2	0	0	0	2
Improved business processes	Number business process mapping projects completed	Annually	1	0	1	0	0
Improved standard operating procedures	Frequency of review performed on standard operating procedures	Annually	1	0	1	0	0
Improved audit Outcome	Audit opinion expressed by Auditor-General	Annually	Unqualified	0	Unqualified	0	0
Improved Asset Management	Frequency of updates performed on Fixed Asset Register (FAR)	Quarterly	12	3	3	3	3
Improved compliance with SCM prescripts	% reduction in unauthorised expenditure	Quarterly	50%	0	50%	0	0
Strategic Goal 8: Achieved Financial Sustainability							
Increased Revenue Generated	Rand Value of Revenue Generated	Annually	R 455m	R 129.8m	R 120.2m	R 102m	R 103m
Increased revenue streams	Number of revenue streams	Annually	3	0	0	0	3
Improved Revenue Collection	Reduction in debtor days	Quarterly	300	445	397	349	300

10. PROGRAMME 3: FINANCE

10.6 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET & MTEF

Subprogramme	Expenditure Outcome			Adjusted Appropriation	Medium-term Expenditure Estimate		
	2015/16	2016/17	2017/18	2017/18	2018/19	2019/20	2020/21
R Thousand							
Finance	52,528	93,552	44,597	37,652	38,356	40,674	43,091
TOTAL	52,528	93,552	44,597	37,652	38,356	40,674	43,091
Economic Classification							
Current payments	23,917	76,945	28,588	25,823	28,596	30,367	32,218
Compensation of employees	14,422	15,231	16,595	15,868	16,940	18,058	19,232
Goods and services							
of which:							
Accommodation and travelling	135	305	143	283	283	299	315
Advertising	417	257	212	281	281	297	313
Apportionment expense		6,592	-	-	-	-	-
Audit fees	4,833	3,780	3,896	3,896	3,896	4,114	4,340
Bad debts		41,430	-	-	-	-	-
Bank charges and interest	230	540	244	248	248	261	276
Catering / conferences	60	27	33	9	9	9	10
Depreciation		551	405	551	246	260	274
Loss on sale/scrap of assets		297	-	140	-	-	-
Professional fees	3,788	7,878	7,000	4,460	6,606	6,976	7,360
Subscriptions and licences	33	56	61	88	88	93	98
Financial obligations	28,471	16,411	15,759	11,359	8,641	9,125	9,627
DBSA loan repayments	4,209						
VAT obligations	24,262	16,411	15,759	11,359	8,641	9,125	9,627
Capital assets	140	196	250	470	1,119	1,182	1,247
Plant and machinery	50	113	144	104	99	105	110
Motor vehicles		-		-	-	-	-
Office equipment	90	84	107	367	1,020	1,077	1,136
TOTAL	52,528	93,552	44,597	37,652	38,356	40,674	43,091

11.PROGRAMME STRATEGY & COMMUNICATIONS



11.1 PURPOSE

The Division is responsible for three main functions, namely, trade & investment promotion, corporate strategy and marketing & communications.

11.2 BUSINESS MODEL

- Facilitate FDI & LDI to the province.
- Provide Aftercare & Support.
- Export Trade Facilitation – removing impediments to provincial trade.
- Export Promotion – increase the value / volume of provincial exports.
- Export Services – research, counselling and incentives.
- Exporter Development – increase number of provincial exporters.
- Participate and contribute towards the development of the corporate strategy.
- Lead the development of corporate plans, divisional plans and service standards & charters.
- Produce progress reports on developmental impact and organisational performance.
- Perform quality control of the entity's performance by setting quality standards for the implementation of the entity's corporate targets in consultation with relevant divisions.
- Ensuring compliance with divisional policies, service standards & charters and National Treasury guidelines and assessing the quality of the entity's corporate performance information.
- Undertake independent and systematic evaluations of the entity's performance, strategies, policies, programmes, activities, delivery support functions and systems.
- Disseminates findings of the evaluations so that recommendations for improvement can be used in the design, appraisal and execution of new operations.
- Gather, analyze, store and share knowledge and information within the organization.
- Research and develop multi-faceted statistical, financial, and performance reports and preparing in-depth analyses as a basis for senior management planning and decision-making.
- Provide great customer service to all clients' staff and stakeholders.
- Build strong relationships with individuals and organizations through various communication and public relations efforts vital to the Agency's growth, development and success.
- Provide up-to-date news on events, issues and news through relevant communications platforms.
- Maintain honest and open communication aimed at building trust and credibility with key internal and external publics.
- Keep the community informed about the great things going on at MEGA.
- Support all departments and staff to ensure every client receives the best service possible.
- Stay up-to-date on the latest and best communications practices through networking and professional organizations.

11.3 VALUE PROPOSITION

- We promote the Province as an Investment destination and Foreign Trade and Logistics Hub, within various sectors and numerous industries.
- We provide performance information management services and promote organisational performance through a systematic monitoring and evaluation support functions and systems.
- We provide a systematic management of the organization's knowledge assets for the purpose of creating value and meeting tactical & strategic requirements.
- We assist in determining the best way to deliver important corporate messages, news and events to shareholder and business community

11. PROGRAMME 4: STRATEGY & COMMUNICATIONS

11.4 ANNUAL TARGETS

Strategic Goal 3: Increased attraction of suitable investors to the Province based on an attractive value proposition and attractive investment opportunities

Strategic Objective (Divisional)	Performance Indicators (Outputs)	Audited/Actual Performance			Estimated Performance	Medium-term Performance Targets		
		2014/15	2015/16	2016/17		2017/18	2018/19	2019/20
Increased investment opportunities attracted	Value of partnership agreements signed with investors	0	0	R606m	R500m	R600m	R700m	R800m
Increased implementation of investment attracted	Value of investment pipeline converted into implementable projects	New	New	New	New	R300m	R400m	R500m

Strategic Goal 5: Repositioning export trade at the top of the hierarchy of Public and Private sectors priorities

Increased key initiatives undertaken to position the Province in key markets	Number International Business Forums / Missions hosted	New	New	4	4	5	6	7
	Number of investment Outward Missions conducted	5	3	3	6	7	8	9
Increased export programmes facilitation through Trade Exhibitions / Missions	Number of Foreign Trade Exhibitions / Missions Facilitated	3	4	5	5	6	7	8
	Number of Local Trade Exhibitions / Missions Facilitated	4	4	4	4	5	6	7
Increased export programmes facilitation through SMMEs Support	Number of Exporters provided with Foreign Trade Counselling and Support	125	130	140	150	160	170	180
	Number of NEDP and Sector Specific export training workshops conducted in Mpumalanga	6	5	5	5	6	6	7

Strategic Goal 6: High Performing Organization

Effective Performance Management Strategies	Number of interventions outlined in the divisional strategies implemented to ensure an effective performance management strategies	New	New	New	2	2	2	2
Increased Adherence with the requirements of Framework for Managing Programme Performance Information (FMPPI)	Number of Organisational Performance Reporting Plans developed	12	12	12	12	12	12	12
Effective Performance Information Management Strategies	Number of strategies / systems and reports developed for effective performance information management	New	New	New	4	5	4	5

11.4 ANNUAL TARGETS

Strategic Goal 7: Enhanced Operational Excellence

Strategic Objective (Divisional)	Performance Indicators (Outputs)	Audited/Actual Performance			Estimated Performance 2017/18	Medium-term Performance Targets		
		2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
Improved internal controls, processes and systems	Number of initiatives as per divisional plans undertaken to ensure improved internal controls, processes and systems	New	New	New	3	4	4	4
Implement Monitoring and Evaluation Strategies	Number of reports produced to monitor and evaluate the mandate of the organisation	New	New	New	12	12	12	12
Effective Knowledge Creation and Management Strategy	Number of strategies / systems and reports developed for effective knowledge creation and management	New	New	New	0	4	4	6
Conduct an Independent Assessment of the Organisational Performance	Number of independent assessments conducted to measure organisational performance	New	New	New	1	1	1	1

Strategic Goal 9: Improved Corporate Image of MEGA

Implement Marketing Strategy and Branding Policy	Level of implementation of Marketing Strategy and Branding Policy	New	New	New	60%	70%	80%	95%
Increased MEGA Brand and Reputation through the implementation of approved Marketing Strategy and Branding policy	% Rating of MEGA Brand and Reputation Surveys	New	New	New	20%	40%	60%	80%
Measure improvement in MEGA's Corporate Image through the implementation of approved Marketing Strategy and Branding policy	% Improvement in MEGA's Corporate Image	0	0	0	2	3	4	5
Measure improvement in customer satisfaction through the implementation of approved Marketing Strategy and Branding policy	Rating on customer satisfaction survey	New	New	New	65%	75%	85%	95%

11. PROGRAMME 4: STRATEGY & COMMUNICATIONS

11.5 QUARTERLY TARGETS

Strategic Goal 3: Increased attraction of suitable investors to the Province based on an attractive value proposition and attractive investment opportunities

Strategic Objective (Divisional)	Performance Indicators (Outputs)	Reporting Period	Annual Target 2018/19	Quarterly Targets			
				1st	2nd	3rd	4th
Increased investment opportunities attracted	Value of partnership agreements signed with investors	Quarterly	R600m	0	R300m	0	R300m
Increased implementation of investment attracted	Value of investment pipeline converted into implementable projects	Quarterly	R300m	R100m	R50m	R50m	R100m

Strategic Goal 5: Repositioning export trade at the top of the hierarchy of Public and Private sectors priorities

Increased key initiatives undertaken to position the Province in key markets	Number of International Business Forums / Missions hosted	Quarterly	5	1	1	1	2
	Number of investment Outward Missions conducted	Quarterly	7	2	2	1	2
Increased export programmes facilitation through Trade Exhibitions / Missions	Number of Foreign Trade Exhibitions / Missions Facilitated	Quarterly	6	2	1	2	1
	Number of Local Trade Exhibitions / Missions Facilitated	Quarterly	5	1	2	1	1
Increased export programmes facilitation through SMMEs Support	Number of Exporters provided with Foreign Trade Counselling and Support	Quarterly	160	40	40	40	40
	Number of NEDP and Sector Specific export training workshops conducted in Mpumalanga	Quarterly	6	1	2	2	1

Strategic Goal 6: High Performing Organization

Effective Performance Management Strategies	Number of interventions outlined in the divisional strategies implemented to ensure an effective performance management	Annually	2	0	0	0	2
Increased Adherence with the requirements of Framework for Managing Programme Performance Information (FMPPPI)	Number of Organisational Performance Reporting Plans developed	Quarterly	12	1	2	1	8
Effective Performance Information Management Strategies	Number of strategies / systems and reports developed for effective performance information management	Annually	5	0	0	0	5

11.5 QUARTERLY TARGETS

Strategic Goal 7: Enhanced Operational Excellence

Strategic Objective (Divisional)	Performance Indicators (Outputs)	Reporting Period	Annual Target 2018/19	Quarterly Targets			
				1st	2nd	3rd	4th
Improved internal controls, processes and systems	Number of initiatives as per divisional plans undertaken to ensure improved internal controls, processes and systems	Annually	5	0	0	0	5
Implement Monitoring and Evaluation Strategies	Number of reports produced to monitor and evaluate the mandate of the organisation	Annually	5	0	0	0	5
Effective Knowledge Creation and Management Strategy	Number of strategies / systems and reports developed for effective knowledge creation and management	Quarterly	4	1	1	1	1
Conduct an Independent Assessment of the Organisational Performance	Number of independent assessments conducted to measure organisational performance	Annually	1	0	0	0	1

Strategic Goal 9: Improved Corporate Image of MEGA

Implement Marketing Strategy and Branding Policy	Level of implementation of Marketing Strategy and Branding Policy	Annually	70%	0	20%	30%	20%
Increased MEGA Brand and Reputation through the implementation of approved Marketing Strategy and Branding policy	% Rating of MEGA Brand and Reputation Surveys	Annually	40%	0	0	0	40%
Improvement in MEGA's Corporate Image through the implementation of approved Marketing Strategy and Branding policy	% Improvement in MEGA's Corporate Image	Quarterly	3	0	0	0	3
Improvement in customer satisfaction through the implementation of approved Marketing Strategy and Branding policy	Rating on customer satisfaction survey	Quarterly	75%	0	0	0	75%

11. PROGRAMME 4: STRATEGY & COMMUNICATIONS

11.6 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET & MTEF

Subprogramme	Expenditure Outcome			Adjusted Appropriation	Medium-term Expenditure Estimate		
R Thousand	2015/16	2016/17	2017/18	2017/18	2018/19	2019/20	2020/21
Trade & Investment	8,811	10,258	13,267	14,751	13,404	21,651	34,787
Corporate Strategy	1,277	1,765	6,185	3,317	6,599	10,388	16,256
Marketing & Communications	1,509	3,527	6,688	7,902	7,139	11,266	17,674
TOTAL	11,596	15,551	26,140	25,971	27,143	43,304	68,717
Economic Classification							
Current payments	11,596	15,551	26,140	25,971	27,143	43,304	68,717
Compensation of employees	7,397	7,828	9,164	9,019	9,614	15,959	26,332
Goods and services							
of which:							
Accommodation and travelling	277	266	370	470	470	733	1,136
Advertising / marketing	1,101	2,940	1,122	1,762	1,582	2,468	3,825
Briefing sessions / workshops	209	271	793	320	272	424	658
Catering / conferences	56	60	34	27	27	42	65
Corporate gifts	2	3	8	4	8	12	19
Customer surveys & operational excellence	-	-	439	439	439	684	1,061
Daily allowances - international	325	305	363	478	483	753	1,167
Foreign and outward exhibitions / missions	1,385	2,196	2,602	2,642	2,602	4,059	6,292
Host investor conference	-	146	1,316	2,756	-	-	-
Inward and local investment seminars and missions	390	525	1,000	920	1,133	1,767	2,740
Professional fees	-	141	7,456	5,520	9,101	14,197	22,006
Statutory reports compilation	270	373	620	620	620	967	1,499
Strategic workshops	140	434	678	678	678	1,058	1,640
Subscriptions and licences	45	61	175	317	115	179	278
TOTAL	11,596	15,551	26,140	25,971	27,143	43,304	68,717

12. PROGRAMME PROPERTY & INFRASTRUCTURE

5:

12.1 PURPOSE

The core purpose of the division is to utilise the MEGA/Provincial property portfolio and infrastructure assets to advance growth and economic development within the Mpumalanga Province.

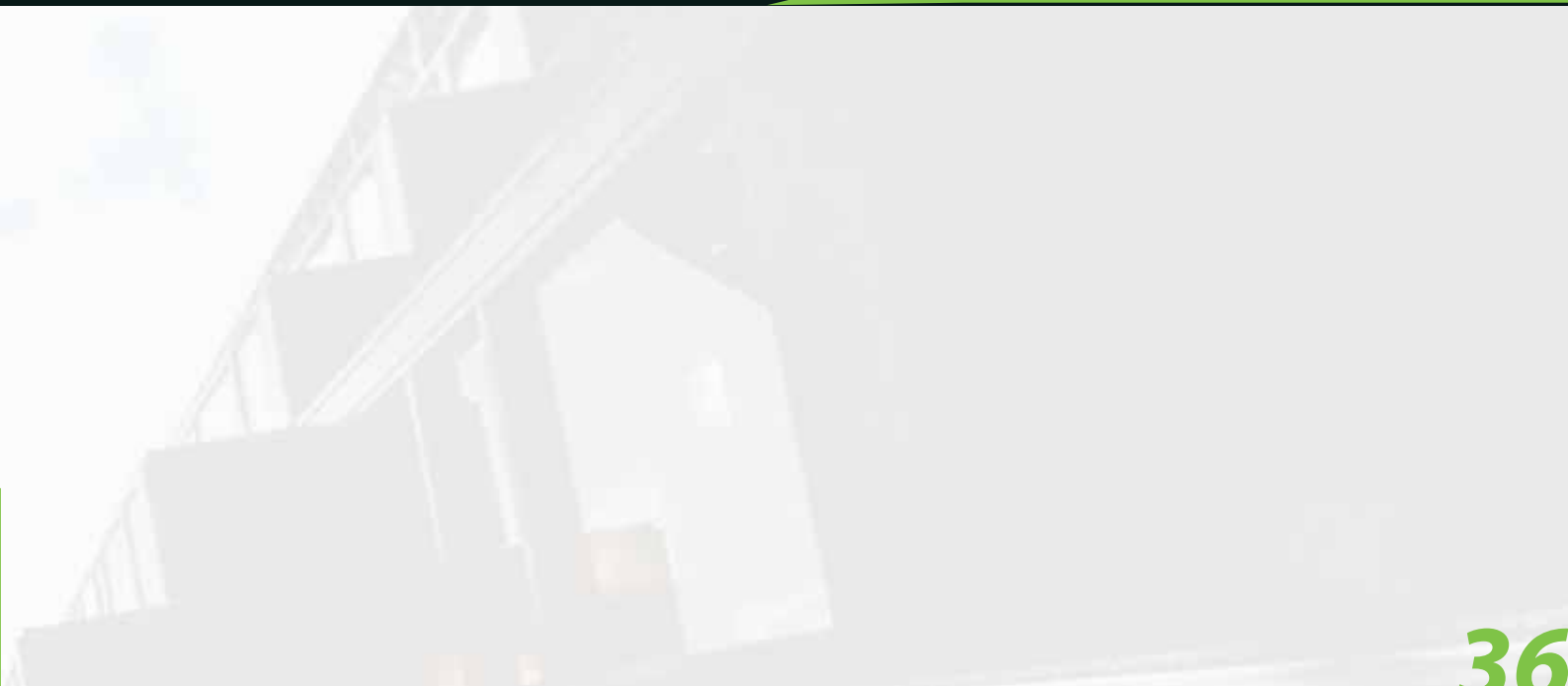
The Division is responsible for three main functions, namely, property development and management, infrastructure development as well as project finance.

11.2 BUSINESS MODEL

Exploit the opportunities presented by the property portfolio and develop growth-enhancing infrastructure to facilitate/support economic development within the province.

11.3 VALUE PROPOSITION

We promise the delivery of world class property/infrastructure services by leveraging on the existing relationships (access and partnerships) with the various public and private sector institutions.



12. PROGRAMME 5: PROPERTY & INFRASTRUCTURE

12.4 ANNUAL TARGETS

Strategic Goal 1: Increased generation of compelling investment propositions that are aligned to the province's competitive advantages

Strategic Objective (Divisional)	Performance Indicators (Outputs)	Audited/Actual Performance			Estimated Performance	Medium-term Performance Targets		
		2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
Increased value of investment projects generated	Value of investment projects approvals	New	New	New	R300m	R350m	R500m	R550m
Increased investment projects generated	Number of investment projects approvals	0	0	1	4	5	10	10

Strategic Goal 2: Increased implementation of suitable high impact investments opportunities in the province

Increased implementation of investment opportunities by working closely with partner investors and injecting own capital where possible	Value of investment projects disbursements	New	New	New	0	R300m	R400m	R450m
Formalised strategic partnerships	Number of strategic partnership agreements signed	New	New	New	4	5	10	10

Strategic Goal 3: Increased attraction of suitable investors to the Province based on an attractive value proposition and attractive investment opportunities

Increased attraction of investment to Infrastructure Projects	Rand value of Investment Projects attracted	New	R17m	R136m	R2.05b	R650m	R1.05b	R1.05b
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Strategic Goal 4: Optimised developmental impact of each investment opportunity

Increased BBBEE participation in various property and infrastructure projects	Proportion of work allocated to targeted entities	New	New	New	35%	35%	35%	40%
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2 Refers to the value of funds committed by strategic development partners.

3 Consists of R600m for MIFPM (grant and external funding) as well as R50m for the revitalization of Ekandustria (external funding).

10.5 QUARTERLY TARGETS

Strategic Goal 1: Increased generation of compelling investment propositions that are aligned to the province's competitive advantages

Strategic Objective (Divisional)	Performance Indicators (Outputs)	Reporting Period	Annual Target 2018/19	Quarterly Targets			
				1st	2nd	3rd	4th
Increased value of investment projects generated	Value of investment projects approvals	Quarterly	R350m	R0m	R100m	R250m	R0m
Increased investment projects generated	Number of investment projects approvals	Quarterly	5	0	2	3	0

Strategic Goal 2: Increased implementation of suitable high impact investments opportunities in the province

Increased implementation of investment opportunities by working closely with partner investors and injecting own capital where possible	Value of investment projects disbursements	Quarterly	R300m	R0m	R0m	R100m	R200m
Formalised strategic partnerships	Number of strategic partnership agreements signed	Quarterly	5	0	0	3	2

Strategic Goal 3: Increased attraction of suitable investors to the Province based on an attractive value proposition and attractive investment opportunities

Increased attraction of investment to Infrastructure Projects	Rand value of Investment Projects attracted	Quarterly	R 650m	R 188m	R132m	R230m	R100m
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Strategic Goal 4: Optimised developmental impact of each investment opportunity

Increased BBBEE participation in various property and infrastructure projects	Proportion of work allocated to targeted entities	Quarterly	35%	35%	35%	35%	35%
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4 Refers to the value of funds spent against the funds allocated / committed by government, investors and strategic development partners.

12. PROGRAMME 5: PROPERTY & INFRASTRUCTURE

12.6 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET & MTEF

Subprogramme	Expenditure Outcome			Adjusted Appropriation	Medium-term Expenditure Estimate		
	2015/16	2016/17	2017/18		2018/19	2019/20	2020/21
R Thousand							
Properties & Infrastructure	192,181	267,248	514,580	514,980	488,178	763,148	1,185,520
TOTAL	192,181	267,248	514,580	514,980	488,178	763,148	1,185,520
Economic Classification							
Current payments	146,439	158,662	180,980	149,990	157,113	246,687	385,006
Compensation of employees	17,044	15,887	15,665	14,918	15,908	26,408	43,573
Goods and services							
of which:							
Accommodation and travelling	162	459	526	502	510	796	1,234
Advertising	15	176	-	-	-	-	-
Bad debts	-	-	-	-	-	-	-
Bulk services - electricity and water	98,698	86,268	102,317	69,387	74,841	116,753	180,967
Catering / conferencing	51	313	98	131	131	204	316
Cleaning services	219	190	239	312	421	656	1,018
Depreciation		8,815	9,923	8,823	8,815	13,751	21,315
Insurance fees	5,626	5,945	5,921	6,746	7,112	11,095	17,198
Maintenance and repairs	4,410	4,909	5,621	4,396	4,396	6,858	10,631
Operating leases - building		7,342	7,720	7,448	8,226	12,833	19,891
Other expenses	13	13	-	20	20	31	48
Professional fees	606	4,501	5,263	10,563	7,819	12,198	18,907
Protective clothing	1	73	120	120	-	-	-
Security services	9,780	10,476	13,717	13,737	13,992	21,827	33,832
Specialised services - electrical, landfill and water waste	3,073	3,459	3,970	4,760	6,795	10,600	16,430
Storage expenses	5					-	-
Subscriptions and licenses	1	92	96	61	61	96	148
Vehicle cost	64	233	364	246	246	385	596
Water and electricity	6,672	9,511	9,418	7,818	7,818	12,197	18,905
Financial obligations	41,914	-	-	-	-	-	-
City of Tshwane Debt	41,914		-	-	-	-	-
Payments for capital assets	3,827	1,531	8,000	8,170	4,192	6,540	10,136
Bulk infrastructure - transformer / electric network		1,531		-	-	-	-
Property - renovations	3,827		8,000	8,170	4,192	6,540	10,136
Strategic Initiatives	-	107,055	325,600	356,820	326,872	509,921	790,377
Nkomazi Special Economic Zone (SEZ)		6,672	13,600	7,500	6,384	9,960	15,437
Establishment of Provincial Infrastructure Fund		5,640	-	-	-	-	-
Establishment of Infrastructure Unit		5,738	-	-	-	-	-
Government Nutrition Programme - Infrastructure		-		37,000	-	-	-
Township Retail Warehouse		3,005	5,000	5,320	-	-	-
Mpumalanga International Fresh Produce Market		86,000	307,000	307,000	320,488	499,961	774,940
TOTAL	192,181	267,248	514,580	514,980	488,178	763,148	1,185,520

13. PROGRAMME FUNDING



13.1 PURPOSE

The Division is responsible for the following main functions, namely, provision of finance and non-financial support to SMMEs, Cooperatives, Housing, Agricultural Enterprises, Equity investments, Project Management and administration of Regional Networks.

The core purpose of the division are:-

- Provision of access to affordable housing and facilitating home ownership through financing of qualifying Mpumalanga citizens who are unable to obtain finance through the mainstream commercial system.
- Promotion and facilitation growth and development by providing financial support to Small, Medium and Micro Enterprises (SMMEs), Agricultural enterprises and Co-operatives in all prioritized sectors of the economy.
- Provision of non-financial support through training, capacity-building, mentorship, counseling, market facilitation, linkages and organizational development.

13.2 BUSINESS MODEL

Stimulate sustainable economic growth through SMME development (including emerging farmers) and financing Home loans in Mpumalanga Province.

13.3 VALUE PROPOSITION

Creation of wealth for families and individuals through provision of finance and non-financial support for Business start-up and expansion capital, home buyers and emerging farmers and equity investments.



13. PROGRAMME 6: FUNDING

13.4 ANNUAL TARGETS

Strategic Goal 2: Increased implementation of suitable high impact investments opportunities in the province

Strategic Objective (Divisional)	Performance Indicators (Outputs)	Audited/Actual Performance			Estimated Performance	Medium-term Performance Targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Increased implementation of investment opportunities by working closely with partner investors and injecting own capital where possible	Total value of disbursements	R 2.3m	R5.4m	R 45.9m	R35m	R 20m	R 196m	R 242m
Increased provision of post investment support to SMMEs	Increased provision of post investment support to SMMEs	20	110	154	80	86	112	138
Increased access to funding opportunities for businesses through MEGA/Standard Bank Fund	Value of funding opportunities accessed for businesses through MEGA/Standard Bank Fund	New	New	New	R40m	R135m	R225m	R290m
Procure from accredited SMMEs participating in the Government Nutrition Programme	Value of procurement from accredited SMMEs supplying the Government Nutrition Programme	New	New	New	R6.6m	R235m	R280m	R300m
Strategic Goal 8: Reduced Government Dependency								
Increased Revenue Generated from Tekwane Citrus farm	Rand Value of Revenue Generated from Tekwane Citrus farm	New	New	New	New	R15m	R24m	R25.5m
Increased revenue streams	Number of revenue streams	New	New	New	New	2	2	2
Improved quality to loan book	Collection Effectiveness Index (CEI) on the new loan book	New	New	New	New	40%	60%	80%

5 This percentage expresses the effectiveness of collection efforts over time. The closer to 100 percent, the more effective the collection effort. It is a measure of the quality of collection of receivables, not of time. Baseline 2017/18 is 8%.

Formula: $\frac{\text{Collections}}{(\text{Opening balance} + \text{Closing balance})/2} \times 100$

13.5 QUARTERLY TARGETS

Strategic Goal 2: Increased implementation of suitable high impact investments opportunities in the province

Strategic Objective (Divisional)	Performance Indicators (Outputs)	Reporting Period	Annual Target 2018/19	Quarterly Targets			
				1st	2nd	3rd	4th
Increased implementation of investment opportunities by working closely with partner investors and injecting own capital where possible	Total value of disbursements	Quarterly	R20m	R4m	R6m	R4m	R6m
Increased provision of post investment support to SMMEs	Number of post investment support provided to SMMEs	Quarterly	86	10	30	30	16
Increased access to funding opportunities for businesses through MEGA/Standard Bank Fund	Value of funding opportunities accessed for businesses through MEGA/Standard Bank Fund	Quarterly	R135m	R10m	R40m	R50m	R35m
Increased procurement from accredited SMMEs supplying the Government Nutrition Programme	Value of procurement from accredited SMMEs supplying the Government Nutrition Programme	Quarterly	R235m	R60.5m	R60.5m	R57m	R57m

Strategic Goal 8: Reduced Government Dependency

Increased Revenue Generated from Tekwane Citrus farm	Rand Value of Revenue Generated from Tekwane Citrus farm	Quarterly	R15m	R5.7m	R5.7m	R3.6m	0
Increased revenue streams	Number of revenue streams	Quarterly	2	0	0	0	2
Improved quality to loan book	Collection Effectiveness Index (CEI) on the new loan book	Quarterly	40%	16%	24%	32%	40%



13. PROGRAMME 6: FUNDING

13.6 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET & MTEF

Subprogramme	Expenditure Outcome			Adjusted Appropriation	Medium-term Expenditure Estimate		
R Thousand	2015/16	2016/17	2017/18	2017/18	2018/19	2019/20	2020/21
Equity Investments	19,155	33,707	26,286	29,025	29,360	47,428	76,216
Funding	51,158	86,936	125,561	158,537	380,438	313,370	330,960
TOTAL	70,313	120,642	151,847	187,561	409,798	360,799	407,175
Economic Classification							
Current payments	49,366	65,539	65,064	125,888	300,599	334,189	379,101
Compensation of employees	39,868	43,400	47,078	46,399	49,459	62,391	82,251
Goods and services							
of which:							
Accommodation and travelling	176	178	321	137	137	145	152
Bad debts	-	2	-	-	-	-	-
Catering / refreshments	76	36	42	22	22	24	25
Cleaning cost	7	69	56	93	93	146	226
Consumables / groceries	6	5	4	31	31	48	74
Cost of sales - lemons	575	14,473	1,439	1,698	1,377	2,148	3,329
Cost of sales - wine	3	10	4	5	5	7	12
Depreciation	-	109	-	824	824	1,285	1,992
EPWP	733	829	789	900	1,000	1,056	1,114
Farm purchases	358	(263)	1,867	1,725	1,929	3,009	4,664
Fees paid - commission, taxes and levies	5	2	3	5	5	7	10
Government Nutrition Programme	-	-	-	62,000	234,776	247,924	261,560
Interest paid - DBSA loan	-	1,590	937	937	189	200	211
Maintenance and repairs	833	390	1,055	630	630	875	1,244
Packaging cost	2,514	267	2,377	2,840	2,303	3,593	5,569
Professional fees	1,682	1,391	6,166	4,286	4,281	5,996	8,585
Protective clothing	3	13	-	29	29	45	70
Rent - building	10	94	136	136	317	334	353
Rental - equipment	24	52	46	47	47	74	115
Security services	448	878	731	1,034	1,033	1,612	2,499
Subscriptions and licences	61	42	51	28	28	30	31
Vehicle cost	44	63	6	125	125	194	301
Water and electricity	1,936	1,908	1,956	1,958	1,958	3,048	4,717
Workshops	3	-	-	-	-	-	-
Financial obligations	16,027	9,389	9,389	9,389	4,582	4,838	5,104
DBSA loan repayments	16,027	9,389	9,389	9,389	4,582	4,838	5,104.41
Loan Advances	4,880	45,362	45,000	34,638	20,298	21,435	22,614
Home loans	2,698	8,701	5,000	9,620	4,938	5,215	5,502
SMME and Co-Ops	928	27,270	40,000	17,993	8,190	8,649	9,125
Agricultural loans	1,255	9,391	-	7,025	7,169	7,571	7,987
Strategic Initiatives	40	353	32,394	17,647	84,319	337	356
Donkerhoek Bottling Plant	40	353	3,994	394	319	337	356
Economic rejuvenation fund	-	-	-	-	20,000	-	-
Establishment of a Creative Industry Commission	-	-	7,000	3,000	8,000	-	-
SABS product certification programme	-	-	-	6,757	10,000	-	-
Sanitary towel Programme	-	-	1,400	1,500	20,000	-	-
SMME kick start programme	-	-	17,000	2,500	2,500	-	-
Township Revitalisation Initiative	-	-	-	496	-	-	-
Tyre business Programme	-	-	3,000	3,000	3,500	-	-
Mining incubation	-	-	-	-	20,000	-	-
TOTAL	70,313	120,642	151,847	187,561	409,798	360,799	407,175



PART C

LINKS TO OTHER PLANS

1. LINKS TO THE LONG-TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS

Project name	Programme	Municipality	Project description/ type of structure	Outputs	Estimated project cost	Expenditure todate (If any)	Project Duration	
							Start	End
MEGA's existing property portfolio	Programme 5	Province wide	Upgrade/ refurbishment of the existing property portfolio	Investment in property portfolio	R 200 000 000	N/A	2018	2019
Nkomazi SEZ	Programme 5	Nkomazi Local Municipality	Installation of infrastructure and top structures	Operational SEZ	-	R 1 500 000	2018	2033
International Fresh Produce Market	Programme 5	Mbombela Local Municipality	Installation of infrastructure and top structures	Operational Fresh produce market	-	R 10 0000 000	2016	2025
Mashishing and Lydenbug residential development	Programme 5	Thaba Chweu and Govan Mbeki	Completion of the residential development projects that have been already invested in	Complete infrastructure and top structure	T.B.D	N/A	2016	-
Implement priority office accommodation projects	Programme 5	Mbombela Municipality (Ehlanzeni DM)			T.B.D	N/A		-

2. CONDITIONAL GRANTS

MEGA received a conditional grant for implementing various provincial government projects in line with its mandate.

3. PUBLIC ENTITIES

Not applicable.

4. PUBLIC-PRIVATE PARTNERSHIPS

Not applicable.



ANNEXURE D

VISION, MISSION AND VALUES

ANNEXURE

VISION, MISSION AND VALUES



1. Our Vision

To be a capable, credible and resilient institution, making meaningful measurable impact in the growth and development of the Mpumalanga economy.

2. Our Mission

Our primary role is to foster the sustainable growth and development of the Mpumalanga economy by attracting, facilitating and maximizing the development impact of investment in the province, thereby reducing unemployment, poverty and inequality.

3. Our Core Values

- **Accountability:** We take our duty to the citizens of Mpumalanga and always place their needs first in all that we do
- **Responsibility:** As custodians of public funds, we take special care to ensure that these limited resources are appropriately deployed and preserved
- **Integrity:** We strive to deliver on our commitments
- **Professionalism:** We value quality and consistency in carrying out our duties
- **High performance:** We strive for excellence in performance

4. Our Products and Services

Clients and Products:

- **SMMEs:** Bridging finance for construction projects, acquisition of plant and equipment, financing tenders, acquiring equity, financing working capital.
- **Farmers:** Seasonal loans, livestock loans, poultry loans, piggery loans, revolving credit facility and bridging loans.
- **Home Buyers:** Building loan, purchase of a vacant stand, house improvement loan and purchase of an existing house

Services:

- **Non-financial support:** Training and capacity-building, mentorship, after-care support, market facilitation and linkages, workshops and organizational development and support.
- **Property Development & Management:** Build and maintain a property portfolio that can generate income, help to achieve organisational sustainability and facilitate employment creation.
- **Infrastructure/Programme Management:** Drive successful implementation of various strategic infrastructure projects mandated by the Province.

5. Our value proposition

To achieve our vision, we aspire to:

- Be experts on the Mpumalanga economy and the investment opportunities it offers;
- Use our knowledge of the province to package and facilitate investment opportunities that have a high probability of success;
- Have strong capabilities in all areas related to the total investment value chain;
- Have solid alliances and partnership relationships with a range of investors and other potential contributors to the investment process; and
- Focus on customer needs and provide innovative solutions with a high level of service.

6. Pillars of Our Strategy

External Focus

- Proactively generate and facilitate strategic high impact investments in the province
 - Develop and leverage strategic partnerships with a range of investors in private sector and major development finance institutions
- ##### Internal Focus
- Reduce dependence on government grants and ensure long term financial sustainability
 - Build organizational capabilities to successfully execute new strategy (systems, processes, structure, people, culture, image)

ANNEXURE



RISK MANAGEMENT IMPLEMENTATION PLAN 2017-2018 FINANCIAL YEAR

1. PURPOSE
2. OBJECTIVE
3. APPROACH
4. DETAILED RISK MANAGEMENT IMPLEMENTATION PLAN
5. REVIEW OF PLAN
6. EFFECTIVE DATE

1. PURPOSE

This document sets out the annual Risk Management Implementation Plan.

2. OBJECTIVE

The Risk Management Implementation Plan is prepared to give effect to the Enterprise Risk Management Framework and Policy and sets out all major risk management activities planned for the 2017/18 financial year.

3. APPROACH

The development of the Risk Management Plan has taken into consideration the:-

- a. enterprise risk management framework;
- b. enterprise risk Management policy;
- c. available resources; and
- d. urgency, quick wins and sustainability.

4. DETAILED RISK MANAGEMENT IMPLEMENTATION PLAN

The detailed Risk Management Implementation Plan is included herein below:

RISK MANAGEMENT IMPLEMENTATION PLAN 2017-2018

Risk Planning		
ACTIVITY	ACTION DATE & ACTION OWNER	OUTPUTS/OUTCOMES
Detailed Risk Management Implementation Plan	April 2017 Manager: ERM	An approved Risk Management Implementation Plan for the 2017/18 financial year.
Conduct Risk Maturity Assessment	August 2017 Manager: ERM	Organisational risk maturity level ascertained and roadmap to desired level of maturity developed and approved.
Implement recommendations from risk maturity assessment	September 2017 going forward Manager: ERM	Roadmap to risk maturity implemented as per implementation plan
Risk Orientation		
Review Enterprise Risk Management Framework	April 2017 Manager: ERM	Approved Enterprise Risk Management Framework.
Review Enterprise Risk Management Policy	April 2017 Manager: ERM	Approved Enterprise Risk Management Policy.
Review Risk governance structures	May 2017 CEO	Additional structures for risk oversight created as required. Risk Management Committee members formally appointed (where changes are made during review of Committee Charter). Risk Champions formally appointed – appointment letters signed and served.
Review Terms of reference for the Risk Management Committee	April 2017 Manager: ERM	Approved Risk Management Committee Charter.
Conduct and/or facilitate risk awareness, coaching and training	May/June 2017 Manager: ERM	Risk Management Framework and Policy communicated to staff.
	June 2017 and ongoing	Risk Management Committee Meetings structured to incorporate member capacity building on identified focus/priority areas.
	June/July 2017 Manager: ERM	Risk Awareness Campaign conducted at enterprise level.
	July 2017 Manager: ERM	Framework, policy and risk assessment methodology workshopped with middle management.
	July 2017 and ongoing General Managers (Risk Owners)	Risk management included as part of Divisional meetings.
	August 2017 Manager: ERM	Completed Orientation for all key role players (EXCO, Risk Management Committee, Risk Champions, etc.).
	November 2017 Manager: ERM	Values Theatre launched. (A show and tell Indaba focusing on MEGA values as enshrined in the Code of Ethics.

RISK MANAGEMENT IMPLEMENTATION PLAN 2017-2018

ANNEXURE



Risk Assessment		
ACTIVITY	ACTION DATE & ACTION OWNER	OUTPUTS/OUTCOMES
Facilitate annual Strategic Risk Assessment	April 2017 CEO	Approved Corporate Strategic Risk Register for the year, incorporating Strategic, ICT, Fraud and Health and Safety Risks.
Facilitate Operational Risk Assessments	July/August 2017 General Managers (Risk Owners)	Approved Operational Risk Registers.
Facilitate deep dive Fraud Risk Assessments	November 2017 General Managers (Risk Owners)	Approved Fraud Risk Registers
Facilitate Strategic Project Risk Assessments	August 2017 General Managers (Risk Owners)	Risk Registers developed for MEGA's key strategic projects directly linked to development mandate.
Risk Response		
Develop a consolidated Action Plan for the identified top business risks	July 2017 General Managers (Risk Owners)	Action Plans implemented per agreed milestones
Develop individual key risk indicators for the top business risks	July 2017 General Managers (Risk Owners)	Analysis report of key risk indicators per agreed frequency
Develop policy implementation plans for ethics risk related policies	May 2017 Manager: ERM	Policy implementation plans developed and implemented per agreed milestones
Risk Monitoring		
Assign assurance providers for the identified top business risks	August 2017 and ongoing CEO	Combined Assurance Plan developed and monitored in collaboration with Internal Audit.
Audit of risk management effectiveness	TBC Internal / External Audit	Performance Audit Reports
Reports to Board Audit, Risk & Compliance Committee	Quarterly CEO	Reports produced as per the agreed frequency and content.
Annual Report Disclosure	Annually Chair: BARCC	Report on organisational risk management efforts including disclosure in financial report.
Reports to Risk Management Committee	Bi-monthly Manager: ERM	Reports produced as per the agreed frequency and content.
Review of ERM Framework, Policy and Plan	March 2018 Manager: ERM	ERM Framework, Policy and Plan reviewed ahead of the start of the ensuing fiscal year.

RISK MANAGEMENT IMPLEMENTATION PLAN 2017-2018

5. REVIEW OF PLAN

This Risk Management Implementation Plan is applicable for the 2017-18 financial year and will be reviewed in the course of the year and at least quarterly in order to align with business requirements.

6. EFFECTIVE DATE

This Plan shall be effective from the date of approval by the Board Audit, Risk & Compliance Committee.



ANNEXURE



FRAUD AND CORRUPTION PREVENTION STRATEGY

PART A	-	FRAUD AND CORRUPTION PREVENTION POLICY
PART B	-	FRAUD AND CORRUPTION PREVENTION PLAN
PART C	-	FRAUD AND CORRUPTION RESPONSE PLAN
PART D	-	WHISTLEBLOWING POLICY

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1. Introduction
2. Objective
3. Statement of attitude regarding fraud and corruption
4. Purpose
5. Definitions
- 5.1 Fraud
- 5.2 Corruption
6. Regulatory Framework

PART A

Fraud and Corruption Prevention Policy

1. Introduction
2. Scope of the Policy
3. Policy
4. Roles and responsibilities

PART A 15

Fraud and Corruption Prevention Policy

4. Roles and responsibilities
5. Actions constituting fraud and corruption
6. Other inappropriate conduct
7. Investigation responsibilities
8. Confidentiality
9. Protection of whistle blowers
10. Authorisation for investigating suspected fraud or corruption
11. Results of the investigation
12. Application of prevention controls and detection mechanisms
13. Disciplinary action
14. Termination
15. Publication of sanctions

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PART A

Fraud and Corruption Prevention Policy

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17. Communication
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Fraud and Corruption Prevention Plan

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 - 3.1 Strategic Approach
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 - 4.1 If an employee suspects fraud or corruption
 - 4.2 If a stakeholder, vendor or other third party suspects fraud or corruption
5. Response and investigation into fraud and corruption
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 - 7.1 References for employees
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3. Objectives and scope
4. Definitions
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8. Reporting and recording of disclosure
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13. Effective date

LIST OF ABBREVIATIONS/ACRONYMS

BARCC	Board Audit, Risk and Compliance Committee
Board	Board of Directors of MEGA
CFO	Chief Financial Officer
CEO	Chief Executive Officer
MEC	Member of the Executive Council
MEGA	Mpumalanga Economic and Growth Agency
Hotline	MEGA's Fraud "tip-off" reporting hotline being the National Anti-corruption hotline
HR	Human Resources Department
NIA	National Intelligence Agency
PFMA	Public Finance Management Act, Act 1 of 1999
Plan	Fraud and Corruption Prevention Plan
Policy	Fraud and Corruption Prevention Policy
SAPS	South African Police Services
SMME	Small, Medium and Micro-sized Enterprises
Strategy	MEGA's Fraud and Corruption Prevention Strategy

1. Introduction

In carrying out its functions, Mpumalanga Economic and Growth Agency (MEGA) have always adopted a culture of integrity, openness and fairness. MEGA was established in terms of the Mpumalanga Economic Growth Agency Act (Act No. 1 of 2010) and listed under schedule 3D of the Public Finance Management Act (Act No.1 of 1999, as amended by Act No. 29 of 1999) (PFMA). MEGA is governed by an elected Board of Directors as the Accounting Authority. MEGA drives increased Micro, Small, Medium and Micro-sized Enterprises (SMME) activity within the Mpumalanga Province and to develop a sustainable SMME sector within Mpumalanga over the long term.

MEGA expects its Board Members, Chief Executive Officer (CEO), Executive Committee and employees at all levels to adopt the highest standard of honesty, propriety, personal integrity and accountability, and to be attentive and vigilant towards any irregular transactions and/or behaviour.

It is therefore incumbent upon MEGA's Management to articulate clearly and communicate the contents of the Fraud and Corruption Prevention Strategy (Strategy) to its employees, stakeholder's, vendors, customers, technical advisors, contractors, members of the public, or any other parties with a business interest in, and relationship with MEGA.

It is therefore incumbent upon MEGA's Management to articulate clearly and communicate the contents of the Fraud and Corruption Prevention Strategy (Strategy) to its employees, stakeholder's, vendors, customers, technical advisors, contractors, members of the public, or any other parties with a business interest in, and relationship with MEGA.

2. Objective

The main objective of this Strategy is to reduce fraud and corruption to an absolute minimum and effect policies and procedures to curtail the risk of fraud and corruption to tolerable levels at all times.

3. Statement of attitude regarding fraud and corruption

Fraud and corruption represents a significant potential risk to MEGA's operations and assets, service delivery efficiency, reputation and overall sustainability.

MEGA will not tolerate corrupt or fraudulent actions in connection with its activities, whether by parties internal or external to MEGA, and will vigorously pursue and prosecute any such parties by all legal means available.

4. Purpose

This Fraud and Corruption Prevention Strategy (Strategy) of MEGA encompasses the following, which should be read collectively and in its entirety:

PART A: Fraud and Corruption Prevention Policy
PART B: Fraud and Corruption Prevention Plan
PART C: Fraud and Corruption Response Plan
PART D – Whistleblowing Policy

This Strategy integrates the processes, policies and resources of MEGA to minimise the risks inherent to fraud and corruption.

There can be no guarantee that MEGA will not be impacted by attempts and incidents of fraud and corruption, but the Strategy is intended to serve as an additional measure to assist in the limitation of fraud and corruption risks with a particular focus on creating awareness and promoting ethical conduct.

5. Definitions

5.1 Fraud

In South Africa, the Common Law offence of fraud according to the South African Police Service is defined as "the unlawful and intentional making of a misrepresentation which causes actual or potential prejudice to another". The fraud statement of the South African Institute of Chartered Accountants (SAICA) is - "an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage". In this regard, the term "fraud" is used in this document in its widest possible meaning and is intended to include all aspects of economic crime and acts of dishonesty. This includes theft, embezzlement and forgery.

Examples of irregularities:

- System Issues: where a process/system exists which is prone to abuse by employees, the public or other stakeholders, e.g.:
 - o Falsification of end-user certificates;
 - o Marketers securing business through unethical conduct;
 - o Procurement fraud, e.g. conflicts of interest, bribery, kickbacks, irregular collusion in the awarding of bids or orders for goods and/or services;
 - o Contract management fraud, e.g. irregular collusion in allowing scope creep on contracts, deliberate failure to enforce prescribed contract terms and conditions;
 - o Subcontractor fraud, e.g. sub-standard service delivery;
 - o Deliberate non-compliance with delegation of authority limits;
 - o Abuse of leave;
 - o Disclosure of confidential or proprietary information to outside parties;
 - o Collusion between dealers in Treasury and bank officials; and
 - o Falsification of performance results.

Equipment and Resource Issues: where MEGA's equipment and resources are utilised for personal benefit or stolen, e.g.:

- o Personal use of resources e.g. telephones, internet, email;
- o Theft of intellectual property, including irregular destruction, removal or abuse of records; and
- o Theft of assets e.g. computers, MEGA Official Documents etc.

FRAUD AND CORRUPTION PREVENTION STRATEGY

5. Definitions

5.1 Fraud continued

- Financial issues: i.e. where individuals or entities have fraudulently obtained money from MEGA, e.g.:
 - o Fraudulent financial reporting, e.g. overstatement of assets and understatement of liabilities;
 - o Creditors fraud e.g. diverting payments to incorrect creditors;
 - o Suppliers submitting invalid invoices or invoicing for work not done;
 - o Inflated quotations or invoices;
 - o Fictitious travel claims;
 - o Making a profit from insider knowledge;
 - o Payroll fraud; and
 - o Fraudulent spend on product development.
- Financial issues: i.e. where individuals or entities have fraudulently obtained money from MEGA, e.g.:
 - o Fraudulent financial reporting, e.g. overstatement of assets and understatement of liabilities;
 - o Creditors fraud e.g. diverting payments to incorrect creditors;
 - o Suppliers submitting invalid invoices or invoicing for work not done;
 - o Inflated quotations or invoices;
 - o Fictitious travel claims;
 - o Making a profit from insider knowledge;
 - o Payroll fraud; and
 - o Fraudulent spend on product development.

5.2 Corruption

The generic offence of corruption is contained in section 3 of The Prevention and Combating of Corrupt Activities Act, Act 12 of 2004. This section provides that any person who accepts or agrees or offers to accept from, or gives or agrees or offers to give any gratification to, another person in order to influence such other person to act in a manner that amounts to:

- The illegal or unauthorised performance of such other person's powers, duties or functions
- An abuse of authority, a breach of trust, or the violation of a legal duty or a set of rules
- The achievement of an unjustified result; or
- Any other unauthorised or improper inducement to do or not to do anything is guilty of the offence of Corruption.

Corruption in its wider meaning, and as referred to in this document, includes any conduct or behaviour where a person accepts or gives (or agrees to so give or accept) any gratification for him/her or for another person where the purpose is to act dishonestly or illegally.

Such behaviour also includes the misuse of material or information, abuse of a position of authority or a breach of trust or violation of duty.

FRAUD AND CORRUPTION PREVENTION STRATEGY

Corruption can take various forms. In this document the following examples of corruption and other irregular conduct are referred to as corruption:

- **Bribery:** Bribery involves the promise, offering or giving of a benefit that improperly affects the actions or decisions of MEGA's employees
- **Extortion:** Coercion of a person or entity to provide a benefit to the MEGA employee, another person or an entity, in exchange for acting (or failing to act) in a particular manner
- **Abuse of power:** The use by the MEGA employee of his or her vested authority to improperly benefit another MEGA employee, person or entity (or using vested authority to improperly discriminate against another MEGA employee, person or entity)
- **Conflict of interest:** The failure by the MEGA employee to act or to consciously fail to act on a matter where the employee has an interest in another person or entity that has some form of relationship with the employee or MEGA
- **Abuse of privileged information:** This involves the use or unauthorised sharing, by the MEGA employee of privileged information and knowledge that the employee possesses as a result of his/ her office to provide unfair advantage to another person or entity to obtain a benefit
- **Nepotism:** If a MEGA employee ensures that family members are appointed to positions within MEGA or that family members receive contracts from MEGA, this could be regarded as nepotism. Nepotism may also involve favouritism or cronyism where the provision of services or resources is distributed according to personal affiliation (for example the culture or religion) of an employee.

5.2 Corruption continued

These manifestations are by no means exhaustive as corruption appears in many guises and it is not possible to list all of these. In summary, corruption is an act done with the intent to give some advantage, inconsistent with an official duty, a set of rules and the rights of others in exchange for some form of gratification. It is wider than bribery, because it is not limited to the public sector only.

6. Regulatory Framework

This Fraud and Corruption Prevention Strategy should be read in conjunction with the following policies, procedures and relevant statutes, including but not limited to:

- The Constitution of the Republic of South Africa
- Public Finance Management Act, 1 of 1999
- National Treasury Regulations and Guidelines
- Mpumalanga Economic Growth Agency Act, 1 of 2010
- Protected Disclosure Act, 26 of 2000
- Preventing and Combating of Corrupt Activities Act, 12 of 2004
- Labour Relations Act, 66 of 1995
- Basic Conditions of Employment Act, 75 of 1997
- Employment Equity Act, 55 of 1998
- Companies Act, 71 of 2008
- King Code of Corporate Governance
- MEGA's Human Resources Policies and Procedures
- Conflict of Interest Policy
- Gift and Entertainment Policy
- Anti-Corruption Recommendations of the Organisation for Economic Co-operation and Development [OECD]



PART A

FRAUD AND CORRUPTION PREVENTION POLICY

FRAUD AND CORRUPTION PREVENTION POLICY

1. Introduction

This Fraud and Corruption Prevention Policy (Policy) is established to facilitate the development of controls, which will assist in mitigating the risks of fraud and corruption and be the basis for the prevention and detection of fraud and corruption as well as provide guidelines as to how to respond when instances of fraud and corruption or alleged fraud and corruption are identified.

2. Scope of the Policy

This Policy applies to all MEGA's employees, Board Members, stakeholders, vendors, customers, technical advisors, contractors, trading partners, members of the public, or any other party doing business with or interacting with MEGA with the intention of doing business.

Therefore, MEGA's Management will clearly articulate and communicate the contents of the Fraud and Corruption Prevention Policy to its employees, Board Members, stakeholder's, vendors, customers, technical advisors, contractors, trading partners, members of the public, or any other parties with a business interest in, and relationship with, MEGA.

3. Policy

It is the policy of MEGA that fraud, corruption, maladministration or any other dishonest activities of a similar nature will not be tolerated. Such activities or allegations of such activities will be investigated and actions instituted against those who are found to have been involved in irregular activities. Such actions may include the laying of criminal charges, disciplinary proceedings and civil actions which may in turn include recovery processes where applicable. In addition, such activities shall be followed-up by the implementation of appropriate prevention and detection controls. Such prevention controls include the existing financial and other controls and checking mechanisms as prescribed in the systems, policies, procedures, rules and regulations of MEGA.

The Executive Committee and Management of MEGA are responsible for the detection and prevention of fraud, corruption, and other dishonest activities. Each member of the Executive Committee and the Management team will be familiar with the types of misconduct that might occur within his or her area of responsibility, and will be alert to any indication of irregularity.

It is the responsibility of all employees to report all incidents of fraud and corruption or any other dishonest activities of a similar nature that may come to his/her attention, immediately through MEGA's Fraud "tip-off" reporting hotline being the National Anti-Corruption hotline (Hotline) or any of the other mediums of communications listed below. The contact details for the National Anti-Corruption Hotline where anonymous tip-offs can be made are included below:

3. Policy continued

- **Telephone:** 0800701 701 toll free number
- **Post:** P.O. Box 1300, Nelspruit, 1200
- **E-mail:** ethics@mega.gov.za | ceo@mega.gov.za

A third party can also report all incidents of fraud and corruption or any other dishonest activities of a similar nature that may come to his/her attention by submitting a report through any of the above mentioned communication mediums.

All reports received will be treated with the requisite confidentiality and will not be disclosed or discussed with parties other than those charged with investigating such reports.

The Chief Executive Officer (CEO) will coordinate all investigations with the designated investigators, both internal and external, where appropriate. Where the CEO is involved, the Chairperson of the Board will coordinate the investigation and if it is a member of the Board, the Member of the Executive Council (MEC) for the Department of Economic Development and Tourism shall lead the investigation.

4. Roles and responsibilities

The **Board of the Mpumalanga Economic Growth Agency (Board)**- is responsible for amongst others, ensuring that a risk management strategy (including a fraud and corruption prevention strategy) is in place and is clearly communicated to all employees.

The **CEO**- is responsible for the implementation of the strategy and will be supported by the Executive Committee.

The **CFO and the General Managers of the different Business Units**- are responsible for implementing the fraud and corruption prevention and other related policies, and cascading identified fraud and corruption risks to an appropriate level.

Employees- will be trained in preventing and detecting fraud and corruption, and the significant role they play in the implementation of the fraud and corruption prevention strategy. All employees of MEGA must comply with the spirit and content of the Policy.

FRAUD AND CORRUPTION PREVENTION POLICY



5. Actions constituting fraud and corruption

Fraud and corruption manifests in a number of ways with varying degrees of seriousness. These include, but are not limited to:

- Deception, forgery, theft, misappropriation
- Unauthorised private use of MEGA's assets, including vehicles
- Falsifying travel and subsistence claims
- Conspiring unfairly with others to obtain a tender
- Accepting bribes or favours to process requests
- Accepting bribes or favours for turning a blind eye to the poor service delivery of a service provider who does not provide an appropriate service
- Disclosing proprietary information relating to a tender to outside parties
- Accepting gifts from suppliers above the permissible threshold in terms of MEGA Policies
- Employing family members or close friends without any declaration of interests and recusing oneself from the selection process
- Operating a private business during working hours
- Submitting or processing false invoices from contractors or other service providers
- Impropriety in the handling of money or reporting of financial transactions
- Abuse of power, or using official authority for any unauthorised purpose or personal gain
- Stealing equipment or supplies from work
- Financial statement fraud through management overriding controls, processing invalid journal entries and irregularities in revenue recognition
- Any similar or related irregularity.

6. Other inappropriate conduct

Suspected improprieties concerning an employee's moral, ethical, or behavioural conduct will be resolved by MEGA's Manager: Enterprise Wide Risk together with EXCO and the Human Resources Department (HR). If there is any uncertainty as to whether an action constitutes fraud and/or corruption, the Manager: Enterprise Wide Risk should be contacted for guidance.

7. Investigation responsibilities

The CEO has the primary responsibility for the investigation of all suspected fraudulent and/or corrupt acts. If the investigation substantiates that fraudulent and/or corrupt activities have occurred, the CEO will issue reports to appropriate designated personnel, including the Board Audit, Risk and Compliance Committee, the Manager: Enterprise Wide Risk, the Board, National Treasury and Auditor General.

Where the CEO is suspected to be involved in the fraudulent and/or corrupt acts, the Chairperson of the Board will coordinate the investigation and if it is a member of the Board, the MEC for the Department of Economic Development and Tourism shall lead the investigation.

Please refer to Part C – Fraud and Corruption Response Plan, of this Fraud and Corruption Prevention Strategy for full details on the reporting and response to suspected fraud and corruption.

8. Confidentiality

All complaints received and information relating to suspicions or knowledge of fraud and corruption which have been or are being investigated must be treated confidentially. The progression of investigations will be conducted in a confidential manner and will not be disclosed or discussed with any person(s) other than those who have a legitimate right to such information. This is important in order to avoid harming the reputations of suspected persons who may subsequently be found to be innocent of wrongful conduct and to protect MEGA from potential civil law suits.

Employees, unless they are involved in the investigation, should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent and/or corrupt act.

No person is authorised to supply any information with regard to allegations or incidents of fraud to the media. All media enquiries will be referred immediately to the CEO, or the Chairperson of the Board if the CEO is involved or the MEC for the Department of Economic Development, Environment and Tourism if a Board member is involved.

FRAUD AND CORRUPTION PREVENTION POLICY

9. Protection of whistleblowers

Any disclosure of fraudulent and/or corrupt activities made by an employee would generally be a protected disclosure in terms of the Protected Disclosure Act (Act 26 of 2000), provided that such disclosure is made:

- In good faith and without any improper motives;
- To a legal practitioner or to a person whose occupation involves the giving of legal advice;
- To MEGA in accordance with the prescribed procedure or procedure authorised by MEGA;
- To a body or body of persons prescribed by MEGA; or
- As a general protected disclosure.

An employee who reports suspected fraud or corruption may remain anonymous should he/she so require.

No person will suffer any penalty or retribution for good faith reporting of any suspected or actual incident of fraud or corruption.

There will be no reprisal by management against employees or officials who report a violation or suspected violation in good faith.

The Protected Disclosures Act provides remedies in section 3 for any employee who suffers any occupational detriment for good faith reporting.

All managers should discourage employees or other persons from making allegations, which are false and made with malicious intentions. Where such allegations are discovered, the person who made the allegations will be subjected to firm disciplinary, or other appropriate action.

10. Authorisation for investigating suspected fraud or corruption

Great care must be taken in the investigation of suspected misconduct so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. The terms of reference/scope for an investigation should be in writing and signed by the CEO or a designated Executive Committee member.

Investigators will have:

- Free and unrestricted access to all MEGA's records and premises, whether owned or rented;
- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is within the scope of their investigation; and

- The right to interview Board members, employees and other parties and to obtain statements from them in accordance with relevant legislation.

11. Results of the investigation

The results of the investigation shall be reported to the CEO and/or to the Chairperson of the Board, if the CEO is the subject of the investigation, or to the MEC for the Department of Economic Development and Tourism if a Board member is the subject of the investigation.

12. Application of prevention controls and detection mechanisms

In respect of all reported incidents of fraud or corruption, the CFO and the General Managers of the different Business Units are required to immediately review, and where possible, improve the effectiveness of the controls, which have been breached in order to prevent similar irregularities from taking place in future.

13. Disciplinary action

If the disciplinary action involves employees below, and other than the CEO, the CEO shall make the final determination of the disciplinary action and whether to institute disciplinary action or not. If and when disciplinary action involves the CEO, the Chairperson of the Board shall make the final determination of the disciplinary action and whether to institute disciplinary action or not. If and when disciplinary action involves a Board member, the MEC for the Department of Economic Development, and Tourism shall make the final determination of the disciplinary action and whether to institute disciplinary action or not. Such final determination should be consistent with the applicable policies of MEGA, PFMA, Treasury Regulations, as well as applicable labour legislation, concerning any employee who has been found guilty of fraud and/or corrupt activities.

14. Termination

If a disciplinary action results in a recommendation to terminate an individual's employment as a sanction and the relevant policies provide for such a dismissal, the recommendation to terminate should be reviewed, if necessary, by the Legal Department, before any such action is taken.

The presiding officer/chairperson of the proceedings can advise the CEO/Chairperson of the Board/the MEC for the Department of Economic Development and Tourism of his/her views on the matter, but the sanction remains the discretion and prerogative of the CEO/Chairperson of the Board/the MEC for the Department of Economic Development and Tourism, taking into account all applicable legislation and MEGA Policies and Procedures and ensuring consistence therewith.

FRAUD AND CORRUPTION PREVENTION POLICY



15. Publication of sanctions

The CEO will decide, in consultation with the Executive Committee, whether any information relating to corrective actions taken or sanctions imposed, regarding incidents of fraud or corruption should be brought to the attention of any person or made public through any other means.

16. Awareness

The Enterprise-wide Risk Management office bears the responsibility for creating fraud risk awareness at an organisation wide level and shall do so on a periodic basis. Executive Management is responsible for ensuring ongoing awareness as well as ensuring that all employees receive appropriate training and education with regard to this Policy. This will be done in consultation with the Manager: Enterprise Wide Risk.

17. Communication

The Enterprise-wide Risk Management office with the assistance of the Communications Unit shall be responsible for communicating the relevant sections of this Policy and Plan to the members of the public and other external stakeholders.

18. Administration

The CEO is responsible for the administration, revision, interpretation, and application of this policy.

This Policy will be reviewed annually and revised as needed.

19. Monitoring

The effectiveness of this Policy shall be monitored by and reported on by the Enterprise-wide Risk Management office. In addition, independent reviews may be performed from time to time through risk assessment processes as well as through internal and external audits.

20. Effective date

This Policy shall come into effect immediately upon approval by the Board.



PART B

FRAUD AND CORRUPTION PREVENTION PLAN

FRAUD AND CORRUPTION PREVENTION PLAN



1. Introduction

The purpose of this Fraud and Corruption Prevention Plan (Plan) is to provide an overview of MEGA's approach to the prevention and detection of fraud and corruption. Fraud and corruption may originate in any organisation in the ranks of inter alia employees, customers, vendors and other service providers.

This Plan recognises basic fraud and corruption prevention measures, which are in place at MEGA. The Plan is dynamic and it will continuously evolve as MEGA makes changes and improvements in its drive to promote ethics, as well as to fight fraud and corruption.

Fraud and corruption risk management is a process that is adopted by MEGA, by putting mechanisms in place, to manage MEGA's vulnerability to fraud and corruption. Such mechanisms are designed to prevent, deter and detect fraud and corruption.

MEGA's response to mitigate any exposure to fraud and corruption will focus on creating awareness and promoting ethical business conduct.

2. Background

MEGA Board members (Board) are responsible for ensuring that MEGA has and maintains an effective, efficient and transparent system of financial and risk management supported by appropriate internal controls.

Furthermore, MEGA will conduct risk assessments (including fraud and corruption risks) on an annual basis and update the risk management strategy, which includes the fraud and corruption prevention plan, to be used to direct internal audit's effort. The risk management strategy must be clearly communicated to all employees to ensure that risk management is incorporated into the language and culture of MEGA.

3. Fraud and Corruption prevention approaches

The approach regarding the controlling of fraud and corruption is focused on three areas, namely:

- Strategic Approach;
- Operational Approach; and
- Maintenance Approach.

3.1 Strategic Approach

The Strategic Approach represents the actions to be undertaken by the relevant parties indicated below in order to address fraud and corruption at a strategic level.

3.1.1 Responsibilities for fraud and corruption risk management

The following sections outline the fraud and corruption risk management responsibilities associated with different roles within MEGA.

3.1.1.1 Chief Executive Officer

The CEO bears the ultimate responsibility for fraud and corruption risk management within MEGA. This includes the coordination of risk assessments, overseeing the investigation of suspected fraud and corruption, and the facilitation of the reporting of such instances through the relevant channels.

3.1.1.2 Manager: Enterprise Wide Risk

The role of the Manager: Enterprise Wide Risk is to oversee MEGA's approach to fraud and corruption prevention, fraud and corruption detection strategies and its response to fraud and corruption incidents reported by employees or other external parties. The Manager: Enterprise Wide Risk reports to the General Manager: Corporate Services.

The Manager: Enterprise Wide Risk shall report quarterly to the EXCO and the report should include the following issues:

- Progress made in respect of implementing the Fraud and Corruption Prevention Strategy;
- Activities and plans for the next quarter to create awareness towards fraud and corruption – specifically the prevention and detection thereof;
- Reports received by the institution regarding fraud and corruption incidents with the view to making any recommendations to the CEO and the Audit, Risk and Compliance Committee;
- Reports on all investigations initiated and concluded; and
- All allegations received from the prescribed whistle blowing mechanism.

FRAUD AND CORRUPTION PREVENTION PLAN

3.1.1.3 Executive Committee and Management

The Executive Committee and Management is committed to eradicating fraud and corruption and ensuring that MEGA strives to be perceived as ethical in all its dealings with the public and other interested parties. In this regard, the Executive Committee and Management will ensure that they do not become complacent in dealing with fraud and corruption and that they will ensure MEGA's overall Fraud and Corruption Prevention Strategy is reviewed and updated regularly.

Furthermore, the Executive Committee and Management will ensure that all employees and stakeholders are made aware of its overall Fraud and Corruption Prevention Strategy through various initiatives of awareness and training.

3.1.1.4 BARCC and the Board

MEGA is committed to the highest standards of corporate governance, including fraud risk management, as recommended by the King Code of Good Governance, as well as the Protocol on Corporate Governance in the Public Sector. MEGA's BARCC significantly influences the fraud control environment particularly by establishing the "tone at the top." The BARCC remains independent from management's influence.

This Committee assists the Board in discharging its responsibilities of safeguarding MEGA's assets, maintaining adequate accounting records and effective systems of internal control, oversees the financial reporting process and monitors compliance with MEGA policies and legal requirements. It also evaluates the effectiveness of the external and internal audit processes.

It is critical that the BARCC and the Board systematically oversee and periodically review the internal controls over financial reporting established by management. Oversight extends to:

- Management's fraud risk management programme, including management's identification of fraud risks and implementation of anti-fraud measures;
- The potential for management override of controls or other inappropriate influence over the financial reporting process;
- Mechanisms for employees to report concerns;
- Receipt and review of periodic reports describing the nature, status and eventual resolution of alleged or suspected fraud;
- An internal audit plan that addresses fraud risk and a mechanism to ensure that the internal audit can express any concerns about management's commitment to appropriate internal controls or to report suspicions or allegations of fraud;

- An internal audit plan that addresses fraud risk and a mechanism to ensure that the internal audit can express any concerns about management's commitment to appropriate internal controls or to report suspicions or allegations of fraud;
- Review of accounting principles, policies and calculations of significant estimates used by management;
- Review of significant non-routine transactions entered into by management; and
- Functional reporting by internal and external auditors to the Board and BARCC.

3.1.2 An ethical culture

The employees of MEGA are required to conduct themselves in an ethical and moral way.

Ethics are concerned with human character and conduct, and deal with questions of right and wrong, appropriate and inappropriate behaviour and what constitutes good or immoral/malicious behaviour. Ethical conduct is based on a set of principles referred to as values or norms. The collective ethical conduct of all the individual employees of MEGA reflects the institution's ethical conduct. In this regard, the highest standards of ethics are expected of employees when fulfilling their duties.

3.1.3 Assessment of fraud and corruption risk

MEGA, under the guidance of the Manager: Enterprise Wide Risk, will conduct annual fraud and corruption risk assessments to identify potential fraud and corruption risks to which the institution is exposed. This process will ensure that actions to address the identified fraud and corruption risks will be implemented to mitigate these risks.

The above will be formulated into a Fraud and Corruption Risk Assessment which will provide an indication of how fraud and corruption risks are manifested, and a Fraud and Corruption Risk Register which will prioritise the fraud and corruption risks and allocate responsibility to appropriate individuals, with agreed actions by specific timelines, to mitigate these risks.

FRAUD AND CORRUPTION PREVENTION PLAN



3.1.4 Employee awareness

The main purpose of fraud and corruption awareness workshops/training is to assist in the prevention, detection and reporting of fraud and corruption by raising the level of awareness as to how fraud and corruption is manifested in the workplace. In this regard, all employees will receive training on the following:

- Fraud and Corruption Prevention Strategy
- Relevant legislation
- Code of Conduct
- How to identify fraud and corruption (red flags); and
- How to respond to fraud and corruption.

The Manager: Enterprise Wide Risk is responsible for employee awareness. Awareness sessions will be scheduled and implemented when deemed appropriate.

3.2 Operational approach

3.2.1 Internal controls

Internal controls are the first line of defence against fraud and corruption. While internal controls may not fully protect the institution against fraud and corruption, they are essential elements in the overall Fraud and Corruption Prevention Strategy.

All areas of operations require internal controls, for example:

- Physical controls (securing of assets in terms of movement and identification)
- Authorisation controls (approval of expenditure)
- Supervisory controls (supervising day-to-day issues)
- Segregation of duties
- Analysis of data
- Monthly and annual financial statements; and
- Reconciliation of bank statements, weekly.

Internal Audit will be responsible for implementing an internal audit program which will incorporate steps to evaluate adherence to internal controls.

3.2.2 Prevention strategies

A number of combined initiatives result in an overall preventative environment in respect of fraud and corruption. These include the following:

3.2.2.1 Employee awareness

Employee awareness of MEGA's Fraud and Corruption Prevention Strategy, Code of Conduct and the manifestation of fraud and corruption in the workplace, assist in the creation of an environment which may be considered to be hostile to a would-be transgressor.

3.2.2.2 Pre-employment screening

Pre-employment screening will be carried out for all appointments as also required by MEGA's recruitment policy. Evidence of such screening will be maintained by HR. Consideration will be given to the following pre-employment screening:

- Verification of identity
 - Police criminal history
 - Reference checks with the two most recent employers – this will normally require telephonic contact
 - A consideration of any gaps in employment history and the reasons for those gaps
 - Verification of formal qualifications claimed.
- Screening will be conducted in accordance with the classification of the employee or the levels of screening outlined below.

The levels of screening include:

Level 1 – All employees (including those with administrative functions or computer access)

FRAUD AND CORRUPTION PREVENTION PLAN

The screening will be performed for all newly recruited employees. The screening will include:

- Verification of identity
- Verification of claimed educational qualifications
- Verification of employment history
- Reference checks with the two most recent employers – this will normally require telephonic contact
- A consideration of any gaps in employment history and the reasons for those gaps
- Criminal record checks (after authorisation has been obtained from the prospective employee); and
- Consumer enquiries filed when applying for financial support.

In respect of all existing/current employees, MEGA will perform the screening of employees on an ad hoc basis annually to determine any possible changes to the above status.

Level 2 – All Managers and above, IT and Finance staff

For all existing/current/new employees on a manager level and above, as well as IT and Finance staff, MEGA will perform the screening in a two year cycle, in order for all employees to be included at least once in this two year cycle. The objective of the screening is to detect potential conflicts of interest in relation to any supplier/service provider used by MEGA. Where an employee is promoted into a management position and has not been screened during the course of the previous year, the employee will be re-screened on:

- Verification of claimed educational qualifications
- Criminal history checks (after authorisation has been obtained from the prospective employee)
- Directorship and membership searches
- Insolvency searches; and
- Consumer enquiries filed when applying for financial support.

3.2.2.3 Recruitment procedures

Recruitment will be conducted in accordance with the recruitment policy and procedure. It will be a transparent process and all appointments will be confirmed only after due recommendation in line with the recruitment policy and procedure. Any person, involved in any decision-making process relating to the recruitment process, which may have a conflict of interest, must declare such a conflict in writing to HR and withdraw from any further procedures.

3.2.2.4 Internal Audit plan

A robust Internal Audit plan, which focuses on the prevalent high fraud and corruption risks, will serve as an effective preventative measure. Internal Audit will compile such a plan on an annual basis, which will also include “surprise audits”.

3.2.2.5 Fraud and Corruption Prevention Plan

The actions set out in this Plan are all focused at mitigating the risks of fraud and corruption at MEGA.

3.2.2.6 Disclosure of interest

All senior managers, specialists and professional employees of MEGA, will be required to disclose their business interests, on an annual basis. This register will be kept with HR. The results of the declaration process will be tested for completeness and will be compared to the suppliers/service providers used by MEGA to determine any potential conflict of interest situation.

3.2.3 Detection approach

Detection of fraud and corruption may occur through:

- Vigilance on the part of, and subsequent reports of, irregular activity by employees, including line management
- The Internal Audit function
- Ad hoc management reviews
- Anonymous reports
- Continuous monitoring of financial and non-financial data; and
- The application of detection techniques.

The Manager: Enterprise Wide Risk will be responsible for developing and updating detection strategies which will be informed by outcomes of fraud and corruption risk assessments. The recommended fraud detection strategies will be submitted to the CEO for approval.

MEGA will embark on a number of initiatives to detect fraud and corruption in the workplace, such as:

FRAUD AND CORRUPTION PREVENTION PLAN

ANNEXURE

F

3.2.3.1 Internal audit

Similar to the prevention approach, a robust Internal Audit plan which includes a focus on prevalent high fraud and corruption risks will also serve as an effective detection measure. As part of the detection strategy, the Internal Audit plan will cover the following:

- **Post-transaction reviews:** A review of transactions after they have been processed and completed can be effective in identifying fraudulent or corrupt activity. In addition to the possibility of detecting fraudulent transactions, such a strategy can also have a significant fraud and corruption prevention effect as the threat of detection may be enough to deter a staff member, who would otherwise be motivated to engage in fraud and corruption, from pursuing such a course of action.
- **Forensic data analysis and continuous monitoring:** MEGA's computer system is an important source of information on fraudulent and corrupt conduct. Software applications will be used during internal audits, surprise audits and post-transaction reviews to assist in detecting fraud and corruption.
- **Management accounting reporting reviews:** Using relatively straightforward techniques in analysing MEGA's management accounting reports, trends can be examined and investigated which may be indicative of fraudulent conduct. Some examples of the types of management accounting reports that will be utilised on a "compare and contrast" basis are:
 - Budget reports for each department / section
 - Reports comparing expenditure against public sector benchmarks
 - Reports highlighting unusual trends in bad or doubtful debts.

MEGA will implement a strategy to ensure appropriate management accounting report reviews are conducted.

3.2.3.2 External audit

MEGA recognises that the external audit function is an important control in the detection of fraud and corruption. The Chief Financial Officer (CFO) will hold discussions with the Auditor General to ensure that due consideration are given to the requirements of ISA 240 "The Auditors' Responsibility to Consider Fraud in the Audit of a Financial Statement". This specifically requires a focus on risks associated with revenue recognition and management override.

3.2.4 Response strategy

3.2.4.1 Reporting fraud and corruption – a Whistle Blowing Policy

One of the key obstacles to fighting fraud and corruption is the fear by employees of being intimidated for identifying or "blowing the whistle" on fraudulent, corrupt or unethical practices witnessed in the work place. Those who do "blow the whistle" often end up being victimised and intimidated. For this reason, MEGA included whistle blowing processes in this Strategy, setting out the detailed procedure which must be followed in order to report any incidents of fraud and / or corruption in a safe and secure environment. This is designed to comply with and give effect to the provisions of the Protected Disclosures Act.

Any suspicion of fraud and corruption will be treated seriously and will be reviewed, analysed, and if warranted, investigated. If an employee becomes aware of suspected fraud, corruption or any irregularity or unethical behaviour, such issues should be reported in terms of the designated reporting lines as prescribed in Part C (Fraud and Corruption Response Plan) of this Fraud and Corruption Prevention Strategy. Alternatively, such reports can be made by submitting a report through to the National Anti-Corruption hotline (Hotline) or any of the other mediums of communications listed below.

The contact details for the National Anti-Corruption Hotline where anonymous tip-offs can be made are included below:

- **Telephone:** 0800701 701 toll free number
- **Post:** P.O. Box 1300, Nelspruit, 1200
- **E-mail:** ethics@mega.gov.za | ceo@mega.gov.za

Please refer to Part D – Whistleblowing Policy, for more detail.

FRAUD AND CORRUPTION PREVENTION PLAN

3.2.4.2 Investigating fraud and corruption

The response to the allegations of fraud and corruption is dealt with in detail in Part C (Fraud and Corruption Response Plan) of this document. Some of the salient aspects are summarised below:

Dealing with suspected fraud and corruption

In the event that fraud or corruption is detected or suspected, the facts will be reviewed and if warranted, investigated. The investigation can be done internally or be referred to an external service provider or a law enforcement agency. The results of the investigation will determine whether disciplinary proceedings, prosecution or action aimed at the recovery of losses will be initiated.

Investigations

The substance of any reports of incidents of fraud and/or corruption will be confirmed by an independent review of the allegations. Anonymous reports may warrant a preliminary review of the allegations before any decision to implement an independent investigation will be taken.

The person(s) appointed to conduct an investigation will issue a report at the finalisation thereof. Such reports will only be disseminated to those persons required to have access thereto in order to implement whatever action is deemed appropriate as a result of the investigation.

Disciplinary proceedings

The ultimate outcome of disciplinary proceedings may involve a person receiving a written warning or the termination of his/her services. All disciplinary proceedings will take place in accordance with MEGA's Disciplinary Policy and Procedures, PFMA, applicable Treasury Regulations and Labour legislation.

Prosecution

Should investigations uncover evidence of fraud or corruption in respect of an allegation or series of allegations, MEGA will review the facts at hand to determine whether the matter is one that ought to be reported to the relevant law enforcement agency for investigation and possible prosecution. MEGA will be guided by common law, relevant legislation and any applicable statutory obligations which may arise in terms thereof.

Recovery action

Where there is clear evidence of fraud or corruption and there has been a financial loss to MEGA, MEGA will institute measures to recover such losses in terms of applicable legal provisions.

The costs involved in such actions will be considered to ensure that the cost of recovery is financially beneficial to MEGA.

Internal control review after discovery of fraud

In each instance where fraud is detected, the General Managers of the different Business Units will reassess the adequacy of the current internal control environment (particularly those controls directly impacting on the fraud incident) to consider the need for improvement of the applicable controls.

3.3 Maintenance approach

3.3.1 Review of effectiveness of Fraud and Corruption Prevention Strategy

MEGA will annually conduct a review of the Fraud and Corruption Prevention Strategy, to determine the continuing effectiveness thereof. The CEO is ultimately accountable for this review.



PART C

FRAUD AND CORRUPTION RESPONSE PLAN

FRAUD AND CORRUPTION RESPONSE PLAN



1. Introduction

MEGA has adopted a policy in terms of which all reports of alleged fraud and corruption, or other improper conduct will be investigated. The investigation of fraud and corruption or other improper conduct can be a complex, time-consuming and at times a technical process, and employees should be aware of the consequences of a poorly conducted investigation, including:

- Denial of justice
- Claims for defamation
- Action against MEGA for wrongful and unfair dismissal
- Inadmissible or poor control over the collection of evidence
- Destruction of physical evidence
- Wasted time and cost
- Unsuccessful actions (disciplinary, criminal and civil).

To ensure that there is reasonable assurance that investigations are performed and the results thereof reported properly, and recognising the limited resources within MEGA, external consultants (e.g. forensic investigators) may be used to provide assistance to MEGA when allegations of fraud or corruption are reported. The external consultant may be assisted by experienced personnel within MEGA who are sufficiently independent of the individual(s) or the subject matter under investigation.

The CEO/Chairperson of the Board/MEC for the Department of Economic Development and Tourism will have the discretion to determine the appropriate external consultants and/or MEGA's own personnel to conduct investigations.

2. Purpose

The aim of the Fraud and Corruption Response Plan is to clearly indicate to each MEGA employee (or third party) the process to follow once the suspicion of fraud and corruption becomes known. It also provides guidance to the individual to whom the report of possible fraud or corruption is made.

3. Protected disclosure

According to the Protected Disclosures Act (Act 26 of 2000), any disclosure of fraudulent and/or corrupt activities made by an employee would generally be a protected disclosure, provided that such disclosure is made:

- In good faith and without any improper motives
- To a legal practitioner or to a person whose occupation involves the giving of legal advice
- To MEGA in accordance with the prescribed procedure or procedure authorised by MEGA
- To a body or body of persons prescribed by MEGA (for instance the National Anti-Corruption Hotline)
- As a general protected disclosure

Great care must be taken when conducting investigations of suspected fraudulent and/or corrupt activities which fall within the definition as included in the Fraud and Corruption Prevention Strategy, so as to avoid unsubstantiated accusations or alerting individuals against whom an allegation has been levelled that the matter has been raised and an investigation is underway.

4. Reporting fraud and corruption

4.1 If an employee suspects fraud or corruption

Any employee, who suspects or becomes aware of any irregularity, should report his or her suspicion directly to either:

- National Anti-Corruption Hotline
- Chief Executive Officer (CEO)
- Manager: Enterprise Wide Risk
- Chairperson of the Board, if the CEO is the subject of the suspicion
- The MEC for the Department of Economic Development and Tourism, if a Board member is the subject of the suspicion.

Employees should not discuss the suspected irregularity with colleagues as this might prejudice the success of the investigation. Please refer to Part D – Whistle Blowing Policy for more detail on how fraud and corruption can be reported.

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4.2 If a stakeholder, vendor or other third party suspects fraud or corruption

Any supplier or other external party who suspects or becomes aware of any irregularity affecting MEGA is encouraged to report his or her suspicion directly to:

- National Anti-Corruption Hotline
- Chief Executive Officer (CEO)
- Manager: Enterprise Wide Risk
- Chairperson of the Board, if the CEO is the subject of the suspicion
- The MEC for the Department of Economic Development and Tourism, if a Board member is the subject of the suspicion.

For purposes of enabling such reporting, MEGA is using the National Anti-Corruption Hotline.

The parties are encouraged not to discuss or disseminate any information regarding the suspected irregularity, with any other persons as this may prejudice the investigation and negatively affect the outcome thereof.

Please refer to Part D – Whistleblowing Policy for more detail on how fraud and corruption can be reported.

5. Response and investigation into fraud and corruption

All suspicions reported in terms of this Policy will be investigated. Suspected fraudulent and/or corrupt activities will be investigated in an independent, open-minded and professional manner with the aim of protecting the interest of both MEGA and the suspected individual. The investigation process will vary according to the circumstances of each case and this will be determined by the appointed investigator/s.

6. The investigation process 6.1 Preliminary Enquiry

The MEGA Hotline administrator will forward reports to the Manager: Enterprise Wide Risk, who will perform a preliminary investigation to mainly determine whether it is an internal matter (involving MEGA employees or Board members) or an external matter (involving external stakeholders, for example a supplier). Such investigation will be conducted discreetly and as speedily as possible so as not to arouse suspicion or reveal the identity of the person or entity reporting the suspected fraud, corruption or irregularity.

The purpose of this initial “fact-finding” exercise is to determine the factors that gave rise to the suspicion and to clarify whether a genuine mistake has been committed or if it is likely that fraud has been attempted or occurred.

It is imperative that this stage of the process should not prejudice any subsequent investigations or corrupt evidence. Until there is evidence to support the reported irregularity, the details of the case should be strictly restricted to the ERM and CEO's office or the Chairperson of the Board or the MEC for the Department of Economic Development and Tourism, as the circumstances dictate.

The preliminary investigation will include:

- Screening of allegations or information to gauge their credibility, and
- Securing all evidence readily available.

The CEO will be notified of all reports received from the Hotline and will be kept updated on the progress of the investigation, irrespective of whether it refers to an internal or external matter.

The CEO will keep the Board members updated on material matters. Should the CEO be the subject of the reports received through the Hotline, the Chairperson of the Board should be notified of the reports received from the Hotline and be kept updated on the progress of the investigation. Should a Board member be the subject of the reports received through the Hotline, the MEC for the Department of Economic Development and Tourism should be notified of the reports received from the Hotline and be kept updated on the progress of the investigation.

A preliminary investigation will be concluded with the drafting of a written interim report. Should the scope of the alleged fraud, corruption or irregularity implicate any MEGA employee other than the CEO or a Board member, such interim report will be made available to the CEO.

However, should the scope of the alleged fraud, corruption or irregularity implicate the CEO or the Board; such interim report will be made available directly to the Chairperson of the Board or the MEC for the Department of Economic Development, Environment and Tourism, respectively.

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6.2 Formal Enquiry

Where the interim report has been made available to the CEO, the CEO shall, within 10 working days after having received and studied such interim report and where the facts warrant further action, refer the matter back to the Manager: Enterprise Wide Risk for further investigation and finalisation.

Where no further action is required, the CEO or the Chairperson of the Board or the MEC for the Department of Economic Development and Tourism will report back to the Executive Committee and will keep the Board informed of material matters.

Where the interim report has been made available to the Chairperson of the Board, the Chairperson of the Board shall, within 10 working days after having received and studied such interim report and where the facts warrant further action, refer the matter to the Chairperson of the MEGA Audit, Risk and Compliance Committee for further investigation and finalisation. Where no further action is required, the Chairperson of the Board will report back to the Board.

Further action such as an investigation will include:

- Securing all further evidence
- Interviewing suspects
- Interviewing witnesses
- Taking statements; and
- Liaising with units or other agencies (including the relevant South African Police Services (SAPS) and/or National Intelligence Agency (NIA) or other appointed persons).

On completion of the investigation, the appointed forensic investigators shall prepare a full written report setting out:

- Background as to the basis for the investigation
- What action was taken in response to the allegation
- The facts that came to light and the evidence uncovered
- Action taken against any party where the allegations were proved
- Action taken to recover any losses; and
- Recommendations and/or action taken by management to reduce further exposure and to minimize or eradicate any recurrence (in both instances where allegations were proved or not).

Should the scope of the alleged fraud, corruption or irregularity implicate any MEGA employee other than the CEO or the Board, the abovementioned investigation report will be made available to the CEO. Should the scope of the alleged fraud, corruption or irregularity implicate the CEO or the Board; the abovementioned investigation report will be made available directly to the Chairperson of the Board or the MEC for the Department of Economic Development and Tourism, respectively.

Such a final investigation report will generally be produced within 20 working days after receipt of the interim report and the final report will be studied by the CEO or the Chairperson of the Board or the MEC for the Department of Economic Development, Environment and Tourism within 30 working days after receipt of the final report. Should this report be delayed for any reason, the CEO or the Chairperson of the Board or the MEC for the Department of Economic Development and Tourism must be informed (in writing) as soon as possible of the delay, as well as the reason/s for the delay. Further, the CEO or the Chairperson of the Board or the MEC for the Department of Economic Development and Tourism must be kept informed of the progress of the report.

6.3 Communication of Findings and Recommendations

The CEO will communicate the findings and recommendations of the report to a special session of the Executive Committee within 10 working days after receipt of the final report, where such findings are urgent, or at the next Executive Committee meeting, where such findings are not urgent. He will report material matters to the Board.

The Chairperson of the Board will communicate the findings and recommendations of the report to a special session of the Board within 10 working days after receipt of the final report, where such findings are urgent, or at the next Board meeting, where such findings are not urgent.

The MEC for the Department of Economic Development and Tourism will communicate the findings and recommendations of the report to a special session of the Board within 10 working days after receipt of the final report, where such findings are urgent, or at the next Board meeting, where such findings are not urgent.

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6.4 Post Event Action

The CEO or the Chairperson of the Board or the MEC for the Department of Economic Development and Tourism will mandate specific action based on the findings contained in the final report. Such action on findings may include:

- Prevention of further losses through:
 - o Suspension of an employee or employees or board members
 - o Changing of computer access codes and building access codes
 - o Modification of affected systems, or
 - o Reviewing systems in place and making necessary changes to enhance security.
- Instituting disciplinary proceedings
- Instituting civil action
- Instituting criminal action
- Reviewing of internal controls
- Recovering losses through:
 - o Obtaining compensation orders in criminal cases
 - o Pursuing civil proceedings in order to obtain a judgement
 - o Making deductions from superannuation contributions
 - o Making deductions from benefit payments
 - o Making arrangements for voluntary payment.
- Considering an insurance claim; or
- Considering any other means of recovery.

In order to provide a deterrent to other staff members, a brief and anonymous summary of the circumstances shall be published and made known to the rest of the employees.

7. The disciplinary process

The findings of all matters investigated by the appointed forensic investigator must be in writing and be reported to either the CEO or the Chairperson of the Board or the MEC for the Department of Economic Development and Tourism, as indicated above.

If the disciplinary action involves employees other than the CEO, the CEO shall make the final determination of the disciplinary action and whether to institute disciplinary action or not. If and when disciplinary action involves the CEO the Chairperson of the Board shall make the final determination of the disciplinary action and whether to institute disciplinary action or not. If and when disciplinary action involves a member of the Board, the MEC for the Department of Economic Development, Environment and Tourism shall make the final determination of the disciplinary action and whether to institute disciplinary action or not. The decision whether disciplinary actions should be instituted should be done in consultation with the Manager: Human Resources and the Manager: Legal Services.

All disciplinary processes and procedures will be in accordance with the Disciplinary Procedure Policy, as contained in the MEGA Employee's Human Resources Policies and Procedures manual.

The complaint as well as the staff member's explanation, any other documentation obtained, the findings of the appointed forensic investigator/s as well as the Chairperson of the Board or the CEO's report shall then be referred to the Disciplinary Committee. The Disciplinary Committee shall notify the staff member that he will be subjected to a disciplinary process in terms of conditions of employment, where such action is warranted. If no disciplinary proceedings are instituted against the staff or board member who was under investigation, the matter will be finalized with reasons furnished and the relevant parties shall be informed accordingly.

7.1 References for employees

Any reference given in relation to a dismissed employee shall contain only a confirmation of the period during which the employee was employed by MEGA.

7.2 Other matters

In each instance where fraud, corruption or irregularity is detected, the CFO and the General Managers of the different Business Units will reassess the adequacy of the internal control environment (particularly those controls directly impacting on the fraud, corruption or irregularity) and consider the need for improvements. Where improvements are required, they will be implemented as soon as practicable.

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8. Reporting fraud and corruption to the SAPS and/or external parties

The CEO or the Chairperson of the Board (as indicated above) will provide details of fraud, corruption or irregularities to the Board.

The CEO or the Chairperson of the Board (as indicated above) will make appropriate arrangements to report cases of fraud or corruption to the SAPS, in circumstances in which there is evidence of fraud or corruption by:

- An employee of MEGA
- A stakeholder of MEGA
- A supplier to MEGA.

Every matter involving fraud or corruption involving any MEGA employee, including a member of the Board, which is substantiated by evidence of criminal activity, shall be reported to the law enforcement authorities. MEGA will always consider and comply with the requirements by legislation to report matters to the SAPS.

Members of the public, consultants, vendors, contractors, outside agencies conducting business with MEGA employees and/or any other parties with a business relationship with MEGA who, on the available evidence, defrauded MEGA shall likewise be reported to the law enforcement authorities.

All employees shall co-operate fully with the SAPS. An internal investigation or disciplinary process may be conducted in conjunction with any SAPS investigation.

9. Liaison with the media

Where the magnitude of the suspected fraud, corruption or irregularity committed may attract media attention, the CEO or the Chairperson of the Board or the MEC for the Department of Economic Development and Tourism will make an appropriate press release to pre-empt media speculation. This will include making a decision as to who should speak to the media.

10. Recovery and other remedies

MEGA has adopted a policy in terms of which it will actively pursue the recovery of any money or property lost through fraud and/or corruption, provided there is a strong prospect of a net benefit to MEGA from such action.

Where it is considered appropriate that the matter not be reported to the SAPS, MEGA reserves its right to pursue a range of other remedies including appropriate disciplinary action. MEGA will always consider and comply with the requirements by legislation to report matters to the SAPS.

Exit interviews and exit checklist procedures should be performed in the event of dismissal from MEGA for misconduct, fraud or corruption. This is necessary to ensure that factors contributing to misconduct, fraudulent or corrupt activity by employees can assist the process to mitigate fraud and corruption risk.

11. Review date

This Fraud and Corruption Response Plan shall be reviewed annually or on an on-going basis where incidences of fraud, corruption warrant it, as well as to align with best practice and prevailing legislation.



PART D

WHISTLEBLOWING POLICY

WHISTLEBLOWING POLICY

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1. Introduction

MEGA is committed to the highest standards of ethical, moral and legal business conduct. Ethical business behaviour is the responsibility of every person in the organisation and is reflected not only in our relationships with each other but also with our customers, suppliers, stakeholders, and other stakeholders.

In line with this commitment we expect employees and others that we deal with, who have serious concerns about any aspect of MEGA's work to come forward and communicate these concerns through the appropriate channels provided by MEGA, without any concerns or fear of victimisation. It is recognised that wherever practical, and subject to any legal constraints, matters reported will proceed on a confidential basis.

All of MEGA's employees or third parties should report their concerns through the National Anti-Corruption Hotline, the CEO, Manager: Enterprise Wide Risk and to the Chairperson of the Board, if the CEO is the subject of the concern, or to the MEC for the Department of Economic Development, Environment and Tourism, if a Board member is the subject of the suspicion.

The objective of this Whistle Blowing Policy is to reinforce the Code of Ethics and provide assurance to all employees, contractors and other stakeholders related to MEGA that they will be protected from any penal action or victimisation arising from any legitimate matters reported through any of the reporting channels provided for by MEGA.

2. Affirmation and compliance with the Protected Disclosure Act

The Protected Disclosures Act, Act 26 of 2000 came into effect on 16 February 2001.

MEGA subscribes to the principles and requirements of this Act and in order to reaffirm our compliance with the Act, MEGA will:

- Ensure protection of employees who submit a disclosure in good faith and use the appropriate reporting channels provided by MEGA during the process;
- Strive to create a culture which will facilitate the disclosure of information by employees relating to criminal and other unethical or irregular conduct in the workplace in a responsible manner by providing clear guidelines for the disclosure of such information and protection against reprisals as a result of such disclosure; and
- Promote zero tolerance for any criminal and other unethical or irregular conduct within MEGA.

3. Objectives and scope

This Whistleblowing Policy is intended to provide overall guidance for the reporting of concerns and to further encourage and enable staff to raise concerns within MEGA rather than overlooking the problem or reporting such concerns through inappropriate channels.

Furthermore, this Whistleblowing Policy aims to:

- Highlight the various channels available to employees of MEGA to raise concerns and receive feedback on matters reported and action taken by management in addressing the matters reported; and
- Reassure employees that they will be protected from reprisals or victimisation for disclosures made in good faith.

WHISTLEBLOWING POLICY

3. Objectives and scope continued

There are existing procedures to enable employees to lodge grievances relating to their own employment, which will not be superseded by this policy and therefore the mechanisms available through this policy will not be used as an avenue to re-report issues that have already been addressed through the grievance or complaints procedures.

This policy is intended to address concerns that fall outside the scope of grievance procedures, which, although not exhaustive, include the following:

- Conduct which is an offence or a breach of law
- Disclosures related to miscarriages of justice
- Health and safety risks, including risks to the public as well as other employees
- Damage to the environment
- The unauthorised use of company resources
- Possible fraud and corruption
- Sexual or physical abuse
- Other unethical conduct;
- Serious failure to comply with appropriate professional standards
- Abuse of power, or use of company powers and authority for any unauthorised use or personal gain; and
- Deliberate breach of company policies and/or procedures.

4. Definitions

MEGA resources:

For purposes of this policy, the term 'MEGA resources and the environment' is defined to include, but not limited to the following, whether owned by or under management of MEGA:

- Cash and other assets, whether tangible or intangible
- MEGA property or personal property
- Receivables and other rights or claims against third parties
- Intellectual property rights
- Facilities and the right to use MEGA's facilities
- MEGA's name; and
- MEGA's records, including the following, but not limited to: employee records, any medical scheme's data or processed form thereof and statistics that were not published and made available to the general public.

Disclosure:

A disclosure is a reported concern that has been submitted by an employee, contractor or external stakeholder acting in good faith using the National Anti-Corruption Hotline as well as confidential disclosures made to the CEO, the Manager: Enterprise Wide Risk, the Chairperson of the Board or the MEC for the Department of Economic Development and Tourism.

It does not include issues or concerns raised by employees through normal business channels in an open, non-confidential manner. All disclosure reports will be treated in confidence.

To enhance the confidentiality of the system, MEGA has chosen to outsource the management of the National Anti-Corruption Hotline. Disclosures will be handled in a secure environment by the National Anti-Corruption Hotline's professionally trained personnel.

Good faith

Good faith means that the employee or third party disclosing an irregularity ("the Whistle Blower") must act in a responsible and honest manner without any motives to gain personal advantages from making the disclosure, excluding any reward payable in terms of law.

5. Acting in good faith

Users of the National Anti-Corruption Hotline must act in good faith and must not make false accusations when reporting any concerns. Good faith is when a disclosure is made without malice or consideration of personal benefit and the complainant has a reasonable basis to believe the report to be true.

Any employee who knowingly or recklessly makes false or misleading statements or disclosures that are not in good faith may be subject to disciplinary action following which the employee may be dismissed.

FRAUD AND CORRUPTION RESPONSE PLAN

6. Reporting channels

In order to remain in compliance with the Protected Disclosures Act (Act 26 of 2000), MEGA will ensure protection of employees who submit a disclosure in good faith, using the appropriate channels provided by MEGA.

As a first step, employees must raise concerns with their immediate manager and/or General Managers of the different Business Units. This depends, however, on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice, as well as consideration that such a manager may be implicated.

Concerns may be raised verbally or in writing. Employees who wish to make a written report are invited to use the following format:

- The background and history of the concern (providing adequate information with relevant dates)
- The reason you are particularly concerned about the situation; and
- The extent to which you have personally witnessed or experienced the problem (provide documented evidence where possible).

Although you are not expected to prove beyond reasonable doubt the truth of an allegation, you will need to demonstrate to the person contacted that there are reasonable grounds for your concern.

7. Safeguards – harassment and victimisation

MEGA is committed to good practice and high standards and will be supportive of employees.

MEGA recognises that the decision to report a concern can be a difficult one to make and is therefore committed to ensuring that an employee is protected for a disclosure made in good faith.

Retaliation by any employee of the company, directly or indirectly, against any person who, in good faith, submits a disclosure or provides assistance to those responsible for investigating the allegations will not be tolerated.

No employee will suffer harassment, retaliation or adverse employment consequences as a result of the submission in good faith of their disclosure. Any employee of the company, who retaliates against a person who has submitted a disclosure pursuant to this policy in good faith, shall be subject to disciplinary action following which a dismissal may be applied.

8. Reporting and recording of disclosure

Users of the National Anti-Corruption Hotline can report their disclosures using any one of the following mediums of communications:

- **Telephone:** 0800701 701 toll free number
- **Post:** P.O. Box 1300, Nelspruit, 1200
- **E-mail:** ethics@mega.gov.za

Disclosures received through the National Anti-Corruption Hotline reports will be prepared for communication to the following authorised individuals listed in the table below:

DESIGNATION	CONTACT	EMAIL
CEO	(w) 013 755 6328	ceo@mega.gov.za
Manager: Risk Management	(w) 013 755 6328	ethics@mega.gov.za
General Manager: Corporate Services	(w) 013 755 6328	ethics2@mega.gov.za
Chief Internal Audit	(w) 013 755 6328	ethics3@mega.gov.za

Under normal circumstances, all reports will be sent to Nominee 1 as the primary recipient.

However, a relevant escalation process has also been defined for certain circumstances as follows:

- Should nominee 1 or 2 be implicated, the report is escalated to nominee 3.
- Should nominee 3 be implicated the report is escalated to nominee 4.

All reports provided to the reporting personnel as indicated above will eliminate any element that could identify the employee making a disclosure. This means that the employee will remain totally anonymous if they have chosen to use this option.

However, the identity of an employee will be provided to MEGA if the employee has given his consent to the National Anti-Corruption Hotline to communicate his identity to MEGA.

WHISTLEBLOWING POLICY



9. How will MEGA respond?

MEGA will respond to all disclosures made. MEGA will ensure the employees' protection if the disclosure is made in good faith.

In order to protect individuals and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take.

Where an investigation is appropriate, the matters raised will either:

- Be investigated internally, or through the disciplinary process, or
- Be referred to an independent outside service provider with the necessary specialist expertise and experience in dealing with the type of disclosure made. This will be reviewed on a case by case basis.

Some concerns may be resolved by agreed action without the need for formal investigations. If urgent action is required, this will be taken before any investigations are conducted.

The investigation and the duration thereof will depend on the nature of the matters raised, the difficulties involved and the clarity of the information provided. If necessary, further information will be sought from the individual, if this is possible. The investigations will be handled in a confidential manner and will not be disclosed or discussed with any persons other than those with a legitimate right to such information. Appropriate feedback will be provided upon request, by the whistle blower.

Should it come to the attention of the investigator/s that there is a conflict of interest regarding the matter/s reported to them or the matter/s under investigation, the party/ies concerned will excuse themselves from the decision on whether an investigation should be conducted.

The investigation, the reporting of related findings and any disciplinary action will be dealt with as discussed in Part C (Fraud and Corruption Response Plan) of this document.

10. Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to enable the conducting of thorough investigations.

MEGA will prohibit the disclosure of the whistle-blower's identity, unless the whistle-blower grants permission to do so, or when the disclosure of the whistle-blower's identity is to a law enforcement body that is conducting a criminal investigation. Similarly, the matters under investigation will be maintained in confidence within the same limitations.

Should the whistle-blower disclose his or her identity, MEGA will no longer be obliged to maintain such confidence. Any documentation that was submitted to the Disciplinary Committee must also be kept confidential.

11. Creating awareness

In order for the Whistleblowing Policy to be sustainable, it will be supported by a structured education, communication and awareness programme as part of MEGA's broader fraud and corruption risk management strategy.

12. Administration

The CEO is responsible for the administration, revision, interpretation, and application of this Policy. This Policy will be reviewed annually and revised as needed.

13. Effective date

This Policy shall come into effect immediately upon approval by the Board.

ANNEXURE



GOVERNANCE STRUCTURES

1. The Board

The Members of the Board are appointed in terms of the Act by the Member of the Executive Council responsible for Economic Development and Tourism for a period not exceeding four (4) years, but are eligible for re-appointment. The composition of the Board is prescribed by the Act which permits a minimum of nine [9] and a maximum of eleven [11] Members, all of whom shall be non-executive members. In terms of the Act, the CEO is an ex officio member of the Board without any voting rights at meetings of the Board (Section. 5(4) of the MEGA Act 1 of 2010).

1.1. The Role of the Board

In accordance with the aforementioned parameters of corporate governance, the Board must specifically:

- (a) Retain full and effective control over MEGA, and monitor management's implementation of the strategic plans and financial objectives as defined by the Board;
- (b) Define levels of materiality, reserving specific powers to itself and delegating other matters, with the necessary written authority, to management;
- (c) Continually monitor and review the exercise by management of delegated powers;
- (d) Ensure that a comprehensive system of policies and procedures is in place and that appropriate governance structures exist to ensure the smooth, efficient and prudent stewardship of MEGA;
- (e) Ensure compliance by MEGA with all relevant laws and regulations, audit and accounting principles, MEGA's codes of ethics and conduct, and such other principles as may be established by the Board from time to time;
- (f) Regularly review and evaluate the risks to the business of MEGA, including information technology ("IT") risks.

GOVERNANCE STRUCTURES

1.1. The Role of the Board continued

- (g) Ensure the existence of comprehensive, appropriate internal controls to mitigate against such risks, as well as ensure that there is an effective risk-based internal audit;
- (h) Exercise objective judgment on the affairs of MEGA, independent from management, but with sufficient management information to enable a proper and informed assessment to be made; and
- (i) Identify and monitor non-financial aspects relevant to the business of MEGA, and ensure that MEGA acts responsibly towards all relevant stakeholders having a legitimate interest in its affairs in order to ensure that MEGA is seen to be a responsible corporate citizen.

1.2. Board Charter

The Board Charter defines the governance parameters within which the Board exists, sets out specific responsibilities to be discharged by the Board and members collectively, as well as certain roles and responsibilities incumbent upon members as individuals. The Charter accordingly embraces the principles of good governance as set out in the King Code of Governance for South Africa 2009 ("King III"), the Mpumalanga Economic Growth Agency Act, No. 1 of 2010, the Public Finance Management Act, 1999, as amended, as well as the Treasury Regulations ("the PFMA"), the Promotion of Administrative Justice Act, 2000 ("PAJA"), as well as all applicable laws of the Republic of South Africa. The Charter is reviewed by the Board as and when necessary, to ensure that it remains relevant to the business objectives of MEGA.

1.3. Shareholders Compact

In terms of the Treasury Regulations issued in accordance with the PFMA, MEGA must in consultation with its relevant Executive Authority (the MEC for Economic Development & Tourism), annually conclude a Shareholders Compact documenting the mandated key performance measures & indicators to be attained by the organization as agreed between the Board of Directors & the Shareholder.

1.4. Delegation of Authority

The Board retains full and effective control over the organization. This responsibility is facilitated by a well-developed governance structure comprising of various Board Committees established in terms of Section 24 of the Act and a comprehensive delegation of authority framework. The delegation framework assists in the control of the decision-making processes and does not dilute the duties and responsibilities of the Directors.

1.5. Board Induction and Orientation

New Directors are taken through an induction programme designed to enhance their understanding of MEGA's legislative framework, its governance processes and the nature and operations of the company. Continuous training is provided so that Members are able to:

- (a) Make sensible and informed decisions and contribute independent, value-adding views to Board deliberations;
- (b) Have an understanding of the legal and fiduciary responsibilities incumbent on Board members; and
- (c) Discharge those responsibilities suitably and ensure that all Members are unequivocally committed to furthering the interests of MEGA.

1.6. Board Evaluation and Performance

Board Members are evaluated collectively and individually through a set of corporate governance questionnaires annexed to the Board Charter. The assessments in the main, serve as tools for improving governance practise thereby assisting the Board to better understand their own roles and responsibilities and how they can more effectively fulfil their fiduciary duties and obligations.

The Board evaluation also serves as a formal method to facilitate board development and foster communications among directors and between the Board and Management and increase accountability within the organization.

1.7. Remuneration of Board Members

The Board of Directors are remunerated in accordance with the rate as determined and approved by the Shareholder.

GOVERNANCE STRUCTURES

2. Board Committees

The MEGA Board is empowered in terms of Section 24 of the Act to establish Board Committees. Section 24 (1) of the Act further provides that the Board may establish committees, with the power to any of its powers and functions, and may likewise dissolve, extend, enlarge or limit any committee so co-opt other persons, for the purpose of assisting it with due and proper exercise and performance of established.

The Board had during its term constituted various Committees in order to assist the Board in discharging its responsibilities. This assistance is rendered in a form of recommendations and reports submitted to Board meetings ensuring transparency and full disclosure of Committee activities.

All Committee Members are non-Executive Directors and the Board consists of five [5] Committees namely:

1. Audit, Risk & Compliance Committee
 2. Human Resources & Remuneration Committee
 3. Finance & Investment
 4. Loans Committee
 5. Governance, Social & Ethics Committee

All Committee Members are non-Executive Directors and the Board consists of five [5] Committees namely:

2.1 Audit, Risk & Compliance Committee

The Audit, Risk & Compliance Committee has been established in terms of sections 51(1) (a) (ii) and 76(4) (d) of the PFMA and the Treasury Regulations to monitor the scope and effectiveness of the internal and external audit function. The Committee is comprised of a minimum of three [3] Non-Executive Directors in line with the prescripts of the MEGA Act of 2010 and is chaired by an independent Non-Executive Director. The responsibilities of the Audit, Risk & Compliance Committee are to:

- (a) Determine the adequacy and effectiveness of internal control systems;
 - (b) Evaluate the effectiveness of risk management;
 - (c) Perform the functions required of it by law;
 - (d) Review the significant accounting and reporting issues, including professional and regulatory pronouncements, and their impact on the financial statements with a view to ensure consistency with the appropriate accounting principles;

- (e) Review the effectiveness of the internal audit function that is performed by co-sourced external practitioners (PwC), whose major responsibilities include the examination and evaluation of the effectiveness and performance of operational activities and systems, together with the attendant business risks and financial control;
 - (f) Review the scope, performance, significant findings and recommendations made by the internal and external auditors; and
 - (g) Review any statement on ethical standards or requirements and the procedure to review compliance with the Code of Ethics.

2.3 Finance and Investment Committee

The Finance, Investment Committee is comprised of five [5] Non-Executive Directors.

The objectives of the Committee are inter alia to:

- (a) Provide inputs on the Strategic Plan of the organization for subsequent approval by the Board and onward transmission to the Shareholder in accordance with section 52(a) of the PFMA.
 - (b) Review the accuracy of the draft budget as submitted by management, and ensure that management has aligned same with the approved Strategic Plan.
 - (c) Review the financial quarterly performance reports as submitted by management and recommend same for Board approval.
 - (d) Ensure that MEGA has and maintains sound financial policies.
 - (e) Ensure proper control over MEGA's investment projects.

GOVERNANCE STRUCTURES



2.4 Loans Committee

The Loans Committee is comprised of five [5] Non-Executive Directors. The objectives of the Committee are inter alia to: (Fraud and Corruption Response Plan) of this document.

- (a) Approve/disapprove all loan applications presented by the relevant officials, in line with the Board's delegated authority.
- (b) Recommend the design, selection, implementation, oversight and performance of any rating systems employed by the Agency.
- (c) Recommend any debt write-offs to the Board, Audit Risk & Compliance Committee in line with the MEGA's policies;
- (d) Recommend debt restructuring to the Board to clients affected by climatic conditions and any other conditions that may warrant Board's intervention.
- (e) Recommend to the Board any new lending product area, market or lending jurisdiction.
- (f) Annually review the loan policies and procedures and present them to the Board for approval.
- (g) Monitor lending areas for alignment to the Board risk appetite and to update the Board with regards to the market credit risks.

2.5 Governance, Social & Ethics Committee

The Governance, Social & Ethics Committee is comprised of all Chairpersons of Board Committees. The role of the Committee is to:

- (a) Ensure alignment of the business or operating model of MEGA with its enabling legislation (MEGA Act No.1 of 2010).
- (b) Receive, evaluate and interrogate the corporate or strategic plans of MEGA prior to them being tabled before the Board.
- (c) Through the Board, recommend to the Board Shareholder any amendments to the enabling legislation or promulgation of any regulations in terms of MEGA Act.
- (d) Perform the statutory duties of a Social and Ethics Committee in terms of the Companies Act and other functions assigned to it by the Board;
- (e) Receive reports on the work of other Committees of the Board.
- (f) Review regulatory compliance with regard to ICT Governance.
- (g) Monitor compliance with the Delegation of Authority Framework in as far as the Committee's mandate is concerned.
- (h) Monitor the delivery of targets in relation to the Shareholder's Compact.
- (i) Fulfil all statutory requirements in terms of Regulation 43 of the Companies Act, which includes but not limited to: social and economic development, good corporate citizenship, environmental health & safety, consumer relationship, labour and employment.

ANNEXURE



FINANCIAL PLAN

OPERATING STATEMENT

R Thousand	Outcomes		Adjusted	Medium-term estimate		
	Audited 2015/16	Audited 2016/17	Appropriation 2017/18	Projected 2018/19	Projected 2019/20	Projected 2020/21
Revenue						
Lemon and wine sales	15,130	21,078	18,013	15,229	15,229	15,229
Municipal services	117,569	103,696	80,654	85,942	92,818	100,243
Rental income	42,138	40,344	43,993	47,554	51,358	55,467
Revenue from Government Nutrition Programme			44,800	244,976	266,693	280,332
Interest received (trading)	30,287	25,818	33,272	43,383	55,907	72,048
	205,123	190,936	220,732	437,084	482,005	523,318
Cost of sales						
Goods sold	13,884	18,402	2,045	1,381	1,459	1,539
Rendering of services	100,044	84,504	131,387	309,618	326,956	344,939
	113,928	102,906	133,432	310,999	328,415	346,478
Gross profit	91,195	88,030	87,299	126,085	153,590	176,840

FINANCIAL PLAN

OPERATING STATEMENT

RThousand	Outcomes		Adjusted	Medium-term estimate		
	Audited 2015/16	Audited 2016/17	Appropriation 2017/18	Projected 2018/19	Projected 2019/20	Projected 2020/21
Other income						
Government grants	195,400	290,515	117,869	84,316	160,185	168,995
Commissions received	656	2,578	13,696	14,301	15,101	15,932
Recoveries	298	518	423	446	470	495
Other income	555	17,731	3,073	8	0	0
Other operating gains (losses)	41,857	38,054	-	-	-	-
	238,767	349,396	135,062	99,070	175,756	185,422
Operating expenses						
Employees	101,140	108,675	113,377	120,881	128,859	137,235
Suppliers	144,465	195,688	121,902	126,172	133,238	140,566
Depreciation and amortisation	11,361	11,088	11,097	10,495	11,083	11,692
	256,965	315,452	246,376	257,549	273,180	289,494
Operating profit or loss						
Investment income	72,996	121,974	-24,014	-32,393	56,166	72,769
Income from equity accounted investments	2,507	7,688	6,952	4,358	2,731	1,712
Finance costs	-	268	-	-	-	-
	-2,853	-1,996	-	-	-	-
Profit for the year	72,650	127,935	-17,062	28,036	58,897	74,481
Other comprehensive income:						
Gains and losses on property revaluations	24,654	23,137	28,811	29,820	-	-
Total comprehensive (loss) income for the year	97,303	151,071	11,749	1,784	58,897	74,481

FINANCIAL PLAN

BALANCE SHEET

ASSETS	Outcomes		Adjusted	Medium-term estimate		
	Audited 2015/16	Audited 2016/17	Appropriation 2017/18	Projected 2018/19	Projected 2019/20	Projected 2020/21
R Thousand						
Financial Assets						
Cash	64,394	132,520	-	-	-	-
Debtors	134,546	194,312	-	1,126	840	827
Investments	2,891	3,160	3,160	3,160	3,160	3,160
Total financial assets	201,831	329,992	3,160	4,286	4,000	3,987
Non-financial assets						
Investment property	794,135	823,179	2,470,780	4,218,838	4,455,093	4,700,123
Property, plant and equipment	382,946	397,620	-	-	-	-
Inventories	59,015	59,997	60,996	62,012	63,044	64,093
Intangible	8,718	8,494	-	-	-	-
Biological assets	14,178	20,150	20,150	20,150	20,150	20,150
Total non-financial assets	1,258,992	1,309,440	2,551,926	4,300,999	4,538,287	4,784,366
Total Assets	1,460,822	1,639,432	2,555,086	4,305,285	4,542,286	4,788,353
LIABILITIES						
Debt						
Financial liabilities - Current	21,982	22,788	-	-	-	-
Financial liabilities - Non-current	17,785	9,315	-	-	-	-
Total debt	39,766	32,103	-	-	-	-
Provisions and payables						
Provisions	11,856	12,670	12,670	12,670	12,670	12,670
Suppliers	41,589	76,775	183,725	-205,388	-	-
Unspent conditional grants	14,578	13,781	24,823	823	-	-
Total provisions and payables	68,024	103,225	221,218	-191,895	12,670	12,670
Total liabilities	107,790	135,328	221,218	-191,895	12,670	12,670
EQUITY						
Reserves	69,276	92,056	92,056	92,056	92,056	92,056
Accumulated surpluses/(deficits)	1,283,756	1,412,048	1,430,593	1,455,047	1,619,054	1,773,284
Total equity	1,353,032	1,504,104	1,522,648	1,547,102	1,711,110	1,865,340
Total Liabilities and Equity	1,460,822	1,639,432	1,743,866	1,355,207	1,723,780	1,878,010

ANNEXURE

ORGANISATIONAL BALANCED SCORECARD FOR 2018/19-2021/22

Focus Area	Strategic Goals	Key Performance Indicators	Target				
			Baseline 2017/18 R'000	2018/19 R'000	2019/20 R'000	2020/21 R'000	2021/22 R'000
INVESTMENT	Strategic Goal .1 <i>Increased generation of compelling investment propositions that are aligned to the province's competitive advantages</i>	Rand value of investment projects approvals	R300,040,000	R350,000,000	R500,162,000	R550,210,000	R550,235,000
		SMMEs	R30,000	R-	R80,000	R120,000	R160,000
		Agriculture	R-	R-	R50,000	R75,000	R100,000
		Cooperatives	R10,000	R-	R12,000	R15,000	R18,000
		Housing	R5,000	R-	R20,000	R25,000	R30,000
		Properties & Infrastructure	R300,000,000	R350,000,000	R500,000,000	R550,000,000	R549,927,000
	Strategic Goal .2 <i>Increased implementation of suitable high impact investments opportunities in the province</i>	Rand value of investment projects disbursements	R81,600	R473,000	R843,000	R1,007,000	R1,235,000
		Rand value of investment projects disbursements	R35,000	R320,000	R596,000	R692,000	R808,000
		SMMEs	R15,000	R10,000	R110,000	R130,000	R160,000
		Agriculture	R9,300	R5,000	R53,000	R70,000	R98,000
	<i>Increased access to investment opportunities for businesses through leverage partnerships</i>	Cooperatives	R3,500	R2,000	R12,000	R15,000	R18,000
		Housing	R7,200	R3,000	R21,000	R27,000	R32,000
		Properties & Infrastructure	R-	R300,000	R400,000	R450,000	R500,000
		Value of investment opportunities accessed for businesses	R46,600	R153,000	R247,000	R315,000	R427,000
		MEGA/Standard Bank Fund	R40,000	R135,000	R225,000	R290,000	R400,000
		Government Nutrition Programme	R6,600	R18,000	R22,000	R25,000	R27,000

ORGANISATIONAL BALANCED SCORECARD FOR 2018/19-2021/22

Focus Area	Strategic Goals	Key Performance Indicators	Baseline	Target				
			2017/18 R'000	2018/19 R'000	2019/20 R'000	2020/21 R'000	2021/22 R'000	
INVESTMENT	Strategic Goal .3 <i>Increased attraction of suitable investors to the Province based on an attractive value proposition and attractive investment opportunities</i>	Value of Investment opportunities attracted Properties & Infrastructure Trade & Investments	R2,500,500 R2,000,500 R500,000	R1,250,000 R650,000 R600,000	R1,750,000 R1,050,000 R700,000	R1,850,000 R1,050,000 R800,000	R1,950,000 R1,050,000 R900,000	
	Strategic Goal .4 <i>Increased BBBEE participation in various property and infrastructure projects</i>	Proportion of work allocated to targeted entities	35%	35%	35%	40%	45%	
	Strategic Goal .5 <i>Repositioning export trade at the top of the hierarchy of Public and Private sectors priorities</i>	Number of key initiatives undertaken to position the Province in key markets	19	23	26	28	30	
EXPORT TRADE	<i>Improved marketing and positioning of the Province in key markets</i>	International Business Forums Foreign Trade Exhibitions / Missions Local Trade Exhibitions / Missions Investment Outward Missions	4 5 4 6	5 6 5 7	6 7 6 7	6 8 7 7	6 9 8 7	
	Strategic Goal .6 <i>High Performing Organisation</i>	Level of Organisational Performance [1]	70%	75%	80%	85%	90%	
	Effective Performance Management Strategies	Number of interventions implemented to ensure an effective performance management strategies Interventions implemented by Human Resources Interventions implemented by Corporate Strategy	2 0 2	6 4 2	6 4 2	6 4 2	6 4 2	
	Strategic Goal .7 <i>Enhanced Operational Excellence</i>	% achieved on internal controls, processes and systems identified for implementation	0%	100%	100%	100%	100%	
	<i>Improved internal controls, processes and systems</i>	Number of initiatives undertaken to ensure improved internal controls, processes and systems Initiatives by Company Secretariat & Legal Initiatives by Internal Audit Initiatives by ICT Initiatives by Records Management Initiatives by Enterprise Risk Management Initiatives by Finance Initiatives by Corporate Strategy	8 0 0 1 1 3 0 3	16 3 1 2 1 3 2 4	15 3 1 2 1 3 1 4	15 3 1 2 1 3 1 4	15 3 1 2 1 3 1 4	

ORGANISATIONAL BALANCED SCORECARD FOR 2018/19-2021/22

ANNEXURE

Focus Area	Strategic Goals	Key Performance Indicators	Baseline 2017/18 R'000	Target				
				2018/19 R'000	2019/20 R'000	2020/21 R'000	2021/22 R'000	
FINANCIAL SUSTAINABILITY	Strategic Goal .8 <i>Reduced government dependency</i>	Ratio of own revenue v/s Grant Funding	55:45	60:40	65:35	70:30	80:20	
	Increased Revenue Generated	Rand Value of Revenue Generated	R-	R470,000	R509,000	R573,500	R528,000	
		Rand Value of Revenue Collected from existing property portfolio	R-	R134,000	R149,000	R198,000	R136,000	
		Rand value of revenue collected from Government Nutrition Programme	R-	R245,000	R254,000	R262,000	R272,000	
		Income received through project management fees	R-	R14,000	R15,000	R16,000	R17,000	
		Interest received from municipal and rental activities	R-	R37,000	R39,000	R42,000	R43,000	
		Interest received from loans advanced	R-	R20,000	R22,000	R23,000	R24,000	
CORPORATE REPUTATION	Strategic Goal .9 <i>Improved Corporate Image of MEGA</i>	% Rating of MEGA Corporate Image [2]	1	2	3	4	5	
		Interest received from finance related activities	R-	R5,000	R6,000	R7,000	R8,000	
		Value of revenue generated in Tekwane Citrus farm	R-	R15,000	R24,000	R25,500	R28,000	

[1] Results on % for organisational performance are based on the consolidation of the performance by all divisions. There is no correlation between % achieved on organisational culture and employee satisfaction except that an increase on organisational culture and on employee satisfaction contributes positively on the overall organisational performance.

[2]The rating on Corporate Image is derived from the results on customer satisfaction survey.

ANNEXURE



TECHNICAL INDICATOR DESCRIPTIONS

Strategic Goal1:

Increased generation of compelling investment propositions that are aligned to the province's competitive advantages

Indicator Title	Value of Investment Projects approved
Short definition	It is the total value of investment projects approved for implementation during the year of operation.
Purpose definition	It measures the total value of investment projects approved for implementation in partnership with Government, Strategic Development Partners or Investors
Source/collection of data	Information is derived from agreements or MOU signed with Government, Strategic Development Partners or Investors
Method of calculation	A total value reflected on the signed Agreement / MOU or confirmation letter.
Data limitations	An agreement which could not be implemented due to unforeseen circumstances such as changes to economic or political climate
Type of indicator	Measures output
Calculation type	Normal addition
Reporting cycle	Quarterly
New indicator	No
Desired performance	To meet the target set in respect of investment projects values
Indicator responsibility	General Managers: Properties & Infrastructure, Funding, Strategy & Communications

TECHNICAL INDICATOR DESCRIPTIONS

Strategic Goal 1:

Increased generation of compelling investment propositions that are aligned to the province's competitive advantages

Indicator Title	Number of Investment Projects approved
Short definition	It is the total number of investment projects approved for implementation during the year of operation.
Purpose definition	It measures the total number of investment projects approved for implementation in partnership with Government, Strategic Development Partners or Investors
Source/collection of data	Information is derived from agreements or MOU signed with Government, Strategic Development Partners or Investors
Method of calculation	A total number of projects approved for implementation as reflected on signed Agreement / MOU or confirmation letters
Data limitations	An agreement which could not be implemented due to unforeseen circumstances such as changes to economic or political climate
Type of indicator	Measures output
Calculation type	Normal addition
Reporting cycle	Quarterly
New indicator	No
Desired performance	To meet the target set in respect of investment projects values
Indicator responsibility	General Managers: Properties & Infrastructure, Funding, Strategy & Communications

Strategic Goal 2:

Increased implementation of suitable high impact investments opportunities in the province

Indicator Title	Value of loan disbursement
Short definition	It is the total value of loans paid out to SMMEs, Agricultural Businesses, Cooperatives and Housing clients
Purpose definition	Adequate use of funds in line with mandate requirements
Source/collection of data	Information is derived from loan statement of accounts archived at the head office or printed from MEGA's financial system
Method of calculation	A tally of loan values disbursed as shown on loan statement of accounts or print out from MEGA's financial system
Data limitations	A loan agreement which could not be implemented due to unforeseen circumstances of the applicant
Type of indicator	Measures output
Calculation type	Normal addition
Reporting cycle	Quarterly
New indicator	No
Desired performance	To meet the target set in respect of investment projects values.
Indicator responsibility	General Managers: Funding

TECHNICAL INDICATOR DESCRIPTIONS

Strategic Goal 2: Continued

Increased implementation of suitable high impact investments opportunities in the province

Indicator Title	Value of investment projects disbursement
Short definition	It is the total value of budget spent against the funds allocated / committed by government, investors and strategic development partners
Purpose definition	It measures the total funds spent towards the implementation of projects
Source/collection of data	Information is derived from budget allocation letters, letters of commitments, financial system, payment certificates, reports from project managers or engineers
Method of calculation	A total value of work certified as reflected on the payment certificates; total budget spent on the project as per the financial reporting system
Data limitations	Payment certificates not yet approved for payment or in dispute; invoices not yet submitted for payment
Type of indicator	Measures output
Calculation type	Normal addition
Reporting cycle	Quarterly
New indicator	No
Desired performance	To meet the target set in respect of investment projects values.
Indicator responsibility	General Managers: Properties & Infrastructure, Funding, Strategy & Communications

Indicator Title	Number of post investment support provided to SMMEs
Short definition	It is the total number of financed businesses which are being given post investment support
Purpose definition	To measure the number of businesses that are given post investment support
Source/collection of data	Clients monitoring reports, monthly reports, non-financial support reports
Method of calculation	A tally of the number of clients supported per quarter
Data limitations	A loan agreement which could not be implemented due to unforeseen circumstances of the applicant
Type of indicator	Measures output
Calculation type	Normal counting
Reporting cycle	Quarterly
New indicator	No
Desired performance	To meet the target set in respect of number of businesses supported
Indicator responsibility	General Manager: Funding

TECHNICAL INDICATOR DESCRIPTIONS

Strategic Goal 2: Continued

Increased implementation of suitable high impact investments opportunities in the province

Indicator Title	Value of funding opportunities accessed for businesses through MEGA/Standard Bank Fund
Short definition	It is the total value of loan applications referred to Standard Bank for funding
Purpose definition	To measure the number of businesses that were provided access to funding through loan referral to Standard Bank
Source/collection of data	Email correspondences, submissions, letters of recommendations, loan applications, progress reports
Method of calculation	A tally of the value of applications referred to Standard Bank for funding
Data limitations	Direct correspondence by Standard Bank to clients
Type of indicator	Measures output
Calculation type	Normal counting
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	To meet the target set in respect of the value of funding opportunities accessed for businesses
Indicator responsibility	General Manager: Funding

Indicator Title	Value of procurement from accredited SMMEs supplying the Government Nutrition Programme
Short definition	It is the total value of goods procured from accredited SMMEs supplying the Government Nutrition Programme
Purpose definition	To measure the value of goods procured from accredited SMMEs supplying the Government Nutrition Programme
Source/collection of data	Delivery notes, Invoices, payment advices, claims submitted to participating departments
Method of calculation	A count on all invoices submitted by SMMEs
Data limitations	Late submission of invoices for payment
Type of indicator	Measures output
Calculation type	Normal counting
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	To meet the target set in respect of the value of procurement from accredited SMMEs supplying the Government Nutrition Programme
Indicator responsibility	General Manager: Funding

Indicator Title	Number of Strategic Partnership Agreements Signed
Short Definition	Strategic partnership concluded
Purpose /Importance	This indicator measures the number of strategic partnerships concluded with government, investors and strategic partners
Source / Collection of data	Reports produced internally on engagements with strategic partners; signed MOUs or Expression of Interests; signed Agreements
Method of calculation	Partnership reported once agreement or contract signed
Data limitation	No limitation

TECHNICAL INDICATOR DESCRIPTIONS

INDICATOR 1

Indicator Title	Number of Strategic Partnership Agreements Signed
Types of indicator	Output
Calculation types	Cumulative for the year
Reporting cycle	Quarterly
New indicator	No
Desired performance	Increase the number and value of strategic partnerships facilitated which will increase investment
Indicator responsibility	General Manger: Properties & Infrastructure, Funding and Strategy & Communications

Strategic Goal 3:

Increased attraction of suitable investors to the Province based on an attractive value proposition and attractive investment opportunities

Indicator Title	Value of partnership agreements signed with investors
Short definition	Investors attracted to fund investment projects
Purpose definition	This indicator measures capital raised through financiers, investors and fiscal
Source/collection of data	Reports from engagements with funders; allocation letters; value reflected on agreements and or MOUs
Method of calculation	Each funder engaged is calculated once
Data limitations	Dependent on capturing of data by finance divisions at month end
Type of indicator	Output
Calculation type	Cumulative for the year
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	Increased level of capital raised
Indicator responsibility	General Manger: Properties & Infrastructure, Funding and Strategy & Communications

Indicator Title	Value of investment pipeline converted into implementable projects
Short definition	Projects that reached implementation stage
Purpose definition	This indicator measures the value of projects that reached implementation stage
Source/collection of data	Letter of engagements with investors and other stakeholders, EIA reports, Business Plans, Stakeholder Engagement meetings
Method of calculation	Tally on the number of projects that are at implementation stage
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative for the year
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	Increased number of investment projects under implementation
Indicator responsibility	General Manger: Properties & Infrastructure and Strategy & Communications

TECHNICAL INDICATOR DESCRIPTIONS

Strategic Goal 3: Continued

Increased attraction of suitable investors to the Province based on an attractive value proposition and attractive investment opportunities

Indicator Title	Value of investment projects attracted
Short definition	Attract investment to implement investment projects
Purpose definition	This indicator measures capital raised through financiers, investors and fiscal
Source/collection of data	Reports from engagements with funders; allocation letters; value reflected on agreements and or MOUs
Method of calculation	Each funder engaged is calculated once
Data limitations	Dependent on capturing of data by finance divisions at month end
Type of indicator	Measures output
Calculation type	Cumulative for the year
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	Increased level of capital raised
Indicator responsibility	General Manger: Properties & Infrastructure, Funding and Strategy & Communications

Strategic Goal 4:

Optimised developmental impact of each investment opportunity

Indicator Title	Proportion of work allocated to targeted entities
Short definition	Work allocated to BBBEE companies
Purpose definition	To measure the developmental impact achieved through tender awards and loan approvals
Source/collection of data	BBBEE rating as per BBBEE certificates and affidavits; ownership composition reflected on Central Supply Database (CSD) or company registration certificates, appointment letters
Method of calculation	Percentage of award/approvals allocated to BBBEE compliant companies
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – for the year
Reporting cycle	Quarterly
New indicator	No
Desired performance	Increased BBBEE participation
Indicator responsibility	General Manger: Properties & Infrastructure

TECHNICAL INDICATOR DESCRIPTIONS

Strategic Goal 5:

Repositioning export trade at the top of the hierarchy of Public and Private sectors priorities

Indicator Title	Number of International Business Forums / Missions Hosted
Short definition	To host international business forums / missions to promote trade and investment.
Purpose definition	To market Mpumalanga Province as an investment destination and a regional trade hub as the primary and essential activity in pursuance of the stated strategic objective.
Source/collection of data	International business forum / mission files
Method of calculation	Simple count per business forum hosted
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – for the year
Reporting cycle	Quarterly
New indicator	No
Desired performance	Higher than targeted performance is desirable.
Indicator responsibility	GM: Strategy & Communications

Indicator Title	Number of Investment Outward Missions Conducted
Short definition	Numbers of outward investment promotion missions are conducted by MEGA's T&I Division during the reported financial year.
Purpose definition	To market Mpumalanga Province as an investment destination missions are the primary and essential activity in pursuance of the stated strategic objective.
Source/collection of data	Mission Submission and Report for Missions conducted and participated
Method of calculation	Simple count per event.
Data limitations	None
Type of indicator	Outcome
Calculation type	Cumulative – for the year
Reporting cycle	Quarterly
New indicator	No
Desired performance	Higher than targeted performance is desirable.
Indicator responsibility	GM: Strategy & Communication

TECHNICAL INDICATOR DESCRIPTIONS

Strategic Goal 5: Continued

Repositioning export trade at the top of the hierarchy of Public and Private sectors priorities

Indicator Title	Number of Foreign Trade and Investment Exhibitions conducted
Short definition	Number of foreign exhibitions undertaken by MEGA and / or client facilitated participation in such an event by MEGA during the reported financial year.
Purpose definition	Foreign exhibitions are the primary and essential activity in pursuance of the stated strategic objective.
Source/collection of data	Exhibition / Mission Submission and Report for MEGA conducted events.
Method of calculation	Simple count per event.
Data limitations	None
Type of indicator	Outcome
Calculation type	Cumulative – for the year.
Reporting cycle	Quarterly
New indicator	No
Desired performance	Target for period achieved
Indicator responsibility	GM: Strategy & Communications

Indicator Title	Number of Local Trade and Investment Exhibitions conducted
Short definition	Number of local (South African) exhibitions undertaken by MEGA and / or client facilitated participation in such an event by MEGA during the reported financial year.
Purpose definition	Local exhibitions are the primary and essential activity in pursuance of the stated strategic objective
Source/collection of data	Exhibition / Mission Submission and Report for MEGA conducted events.
Method of calculation	Simple count per event.
Data limitations	None
Type of indicator	Outcome
Calculation type	Cumulative – for the year.
Reporting cycle	Quarterly
New indicator	No
Desired performance	Target for period achieved
Indicator responsibility	GM: Strategy & Communications

TECHNICAL INDICATOR DESCRIPTIONS

Strategic Goal 5: Continued

Repositioning export trade at the top of the hierarchy of Public and Private sectors priorities

Indicator Title Number of Exporters provided with Foreign Trade Counselling and Support	
Short definition	This assistance provides ongoing export marketing advice and assistance to the existing and first time exporters of Mpumalanga. This includes export and import enquiries; export marketing strategy development; international market information and contact details; referrals to foreign trade related parties; SARS exporter registration and issues; EMIA assistance; customs codes and tariff headings; foreign trade barriers and documentary requirements; market and product research; regional trading issues and preferential tariffs; contact with foreign and bilateral chambers of commerce; contact with South African foreign trade representatives abroad and any other forms of client – both local and foreign – interactions with the purpose of promotion and development of foreign and local trade.
Purpose definition	Foreign Trade is a complex and specialised form of commerce for which government support and counselling is important to increase the number of provincial companies entering new markets and for current exporters to expand their existing markets.
Source/collection of data	The assistance rendered will be demonstrated through files, reports, emails, attendance registers and applications during the reported financial year. Internally generated documents are to be included as verified basis for exporters provided with Foreign Trade Counselling and Support.
Method of calculation	Simple count per interaction
Data limitations	The data limitations and challenge faced with the “Number of Exporters provided with Foreign Trade Counselling and Support” and the development of SOP’s in this regard arises from the diversity and nature of legitimate assistance rendered to Trade Promotions clients. The types of assistance provided, and which takes up a significant portion of Trade Promotions time resources, is as varied as the assistance itself and could include telephone calls, emails, meetings, application forms and so forth. A customised Client Relationship Management (CRM) system for the Trade and Investment Promotion Division could mitigate the data limitations.
Type of indicator	Output
Calculation type	Simple count per interaction
Reporting cycle	Quarterly
New indicator	No
Desired performance	Higher than targeted performance is desirable.
Indicator responsibility	GM: Strategy & Communications

TECHNICAL INDICATOR DESCRIPTIONS

ANNEXURE

Strategic Goal 5: Continued

Repositioning export trade at the top of the hierarchy of Public and Private sectors priorities

Indicator Title	Number of NEDP export training workshops conducted in MP
Short definition	The National Exporter Development Programme (NEDP) is an initiative by the dti aimed to increase exports, particularly of those products and services that add value and contribute to employment. The target group is small, micro and medium enterprises (SMMEs), both generally and drawn from the ranks of the previously disadvantaged, while still taking into account the needs of larger potential and established exporters MEGA is the partner Agency for the roll-out of the NEDP in Mpumalanga Province.
Purpose definition	The importance of the NEDP is to provide a well-resourced, efficient and effective exporter development programme that delivers appropriately skilled exporters and contributes to the number of active exporters and the real value of exports growing consistently over time
Source/collection of data	Training Workshop Invitation, Programme and Attendance Registers.
Method of calculation	Simple count per Training Workshop
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – for the year
Reporting cycle	Quarterly
New indicator	No
Desired performance	Target for period achieved
Indicator responsibility	GM: Strategy & Communications

TECHNICAL INDICATOR DESCRIPTIONS

Strategic Goal 6:

High Performing Organization

Indicator Title	Number of interventions as per divisional plans implemented to ensure an effective performance management strategies
Short definition	Interventions / plans by support divisions to ensure improvement in organisational performance
Purpose definition	To evaluate the effectiveness of support divisions
Source/collection of data	Quarterly Reports
Method of calculation	Simple count of targets achieved on interventions / plans by support divisions as planned and reflected in divisional plans
Data limitations	None
Type of indicator	Output
Calculation type	Non-Cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	Adherence to divisional plans
Indicator responsibility	GM: Corporate Services; GM: Strategy & Communications

Indicator Title	% Implementation of Performance Management System
Short definition	Implementation of Performance Management System
Purpose definition	To measure progress on the implementation of the Performance Management System
Source/collection of data	Progress Reports, Performance Assessment Reports
Method of calculation	Simple count of targets achieved per quarter
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	Higher than targeted performance is desirable.
Indicator responsibility	GM: Corporate Services

TECHNICAL INDICATOR DESCRIPTIONS

Strategic Goal 6: Continued

High Performing Organization

Indicator Title	% Achieved on Organisational Culture Index
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Short definition	Improved Organisational Culture
Purpose definition	To measure improvement on organisational culture
Source/collection of data	Results on survey conducted for customer satisfaction
Method of calculation	% achieved as per customer satisfaction survey
Data limitations	Poor participation by employees and clients
Type of indicator	Output
Calculation type	Non-Cumulative
Reporting cycle	Annually
New indicator	Yes
Desired performance	Improved Organisational Culture
Indicator responsibility	GM: Corporate Services; GM: Strategy & Communications

Indicator Title	% Achieved on Level of Employee Satisfaction
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Short definition	Improved Employee Morale
Purpose definition	To measure improvement on employee morale
Source/collection of data	Results on survey conducted for customer satisfaction
Method of calculation	% achieved as per customer satisfaction survey
Data limitations	Poor participation by employees and clients
Type of indicator	Output
Calculation type	Non-Cumulative
Reporting cycle	Annually
New indicator	Yes
Desired performance	Improved employee morale
Indicator responsibility	GM: Corporate Services; GM: Strategy & Communications

TECHNICAL INDICATOR DESCRIPTIONS

Strategic Goal 6: Continued

High Performing Organization

Indicator Title	Level of alignment of jobs to skills requirements
Short definition	Improved adherence to HR Plan
Purpose definition	To measure improvement on the implementation of the HR Plan
Source/collection of data	HR Reports
Method of calculation	% achieved on Workplace Skills Plan, Employment Equity Plan and on the filling of the new organisational structure
Data limitations	None
Type of indicator	Output
Calculation type	Non-Cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	Improved implementation of the HR Plan
Indicator responsibility	GM: Corporate Services

Indicator Title	% Achieved on Level of Employee Satisfaction
Short definition	Improved Employee Morale
Purpose definition	To measure improvement on employee morale
Source/collection of data	Results on survey conducted for customer satisfaction
Method of calculation	% achieved as per customer satisfaction survey
Data limitations	Poor participation by employees and clients
Type of indicator	Output
Calculation type	Non-Cumulative
Reporting cycle	Annually
New indicator	Yes
Desired performance	Improved employee morale
Indicator responsibility	GM: Corporate Services; GM: Strategy & Communications

TECHNICAL INDICATOR DESCRIPTIONS

Strategic Goal 6: Continued

High Performing Organization

Indicator Title	Number of Organisational Performance Reporting Plans developed
Short definition	Performance reports compiled and submitted to stakeholders
Purpose definition	To ensure accountability
Source/collection of data	Quarterly Reports and Ad hoc Reports
Method of calculation	Simple count on the reports compiled and submitted to stakeholders
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	Improved transparency and accountability
Indicator responsibility	GM: Strategy & Communications

Indicator Title	Number of strategies / systems and reports developed for effective performance information management
Short definition	Strategies / systems and reports developed for effective performance information management
Purpose definition	To ensure adherence with PFMA prescripts
Source/collection of data	Quarterly Reports, Presentations and Project Close Out Reports
Method of calculation	Simple count on targets achieved
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	Effective implementation of Monitoring & Evaluation function
Indicator responsibility	GM: Strategy & Communications

TECHNICAL INDICATOR DESCRIPTIONS

Strategic Goal 7:

Enhanced Operational Excellence

Indicator Title	Number of initiatives as per divisional plans undertaken to ensure improved internal controls, processes and systems
Short definition	Initiatives undertaken to ensure improved internal controls, processes and systems
Purpose definition	To build a resilience institution
Source/collection of data	Divisional Quarterly Reports
Method of calculation	Simple count on planned divisional targets achieved as per divisional plans
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	Enhanced Operational Excellence
Indicator responsibility	Chief Executive Officer, Chief Financial Officer; GM: Corporate Services, GM: Strategy & Communications

Indicator Title	Number of reports produced to monitor and evaluate the mandate of the organisation
Short definition	Monitoring & Evaluation reports produced
Purpose definition	To ensure accountability
Source/collection of data	Quarterly Reports and Ad hoc Reports
Method of calculation	Simple count on the reports compiled
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	Improved transparency and accountability
Indicator responsibility	GM: Strategy & Communications

TECHNICAL INDICATOR DESCRIPTIONS

ANNEXURE

Strategic Goal 7: Continued

Enhanced Operational Excellence

Indicator Title	Number of strategies / systems and reports developed for effective knowledge creation and management
Short definition	Strategies / systems and reports developed for effective knowledge creation and management
Purpose definition	To ensure business continuity
Source/collection of data	Quarterly Reports, Presentations and Project Close Out Reports
Method of calculation	Simple count on targets achieved
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	Effective implementation of Knowledge Creation and Management function
Indicator responsibility	GM: Strategy & Communications

Indicator Title	Number of independent assessments conducted to measure organisational performance
Short definition	Conduct customer satisfaction survey
Purpose definition	To conduct an independent review on behalf of the organisation
Source/collection of data	Report on the results of the customer satisfaction survey conducted on behalf of the organisation
Method of calculation	% achieved as per customer satisfaction survey
Data limitations	Poor participation by employees and clients
Type of indicator	Output
Calculation type	Non-Cumulative
Reporting cycle	Annually
New indicator	Yes
Desired performance	Improved rating on customer satisfaction survey
Indicator responsibility	GM: Strategy & Communications

TECHNICAL INDICATOR DESCRIPTIONS

Strategic Goal 7: Continued

Enhanced Operational Excellence

Indicator Title	Number business process mapping projects completed
Short definition	Number of divisional business processes identified and documented (mapped)
Purpose definition	The indicator measures the number of organisational business processes that have been mapped into process flows.
Source/collection of data	Data will be collected from the various divisions through facilitated information gathering sessions and through which processes will be identified and subsequently mapped
Method of calculation	Actual number of divisions facilitated to document business processes
Data limitations	Accuracy dependent on team players in the workshops being highly knowledgeable of their respective division's processes and how they affect those of other divisions
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	MEGA business processes to be documented, standardized where applicable, and optimized to ensure the organisation delivers on its mandate effectively and efficiently.
Indicator responsibility	Chief Financial Officer

Indicator Title	Frequency of review performed on standard operating procedures
Short definition	Number of divisions who have been facilitated to develop their service standards and Charters
Purpose definition	As part of building a culture of service quality, accountability, professionalism and responsiveness; and as a build up to the development of an organizational service charter; each division must commit to a particular standards of service both to internally and external customers and adhere to the same. This indicator therefore measures the number of divisions whose service standards and charters have been developed at a given period.
Source/collection of data	Data will be collected from the various divisions through facilitated information gathering sessions up to adoption stage.
Method of calculation	A count of the actual number of divisions whose Service Standards and Charters would have been developed during a particular period.
Data limitations	Dependent on team players in the workshops being knowledgeable of their respective division's processes and overall buy-in to the initiative.
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	Culture of service excellence to be the way of life at MEGA
Indicator responsibility	Chief Financial Officer

TECHNICAL INDICATOR DESCRIPTIONS

Strategic Goal 7: Continued

Enhanced Operational Excellence

Indicator Title	Improvement in audit outcomes
Short definition	To address past audit findings to ensure an improvement of the audit outcome
Purpose definition	The indicator measure the outcome of the regulatory audit
Source/collection of data	Audit Report
Method of calculation	Annual Audit outcome
Data limitations	No limitation
Type of indicator	Outcome
Calculation type	Non-cumulative
Reporting cycle	Annually
New indicator	No
Desired performance	Immaterial audit findings which will result in an unqualified audit opinion
Indicator responsibility	Chief Financial Officer

Strategic Goal 7: Continued

Enhanced Operational Excellence

Indicator Title	Frequency of updates performed on Fixed Asset Register (FAR)
Short definition	Register of all fixed asset owned by MEGA to be reviewed and the status of each asset accordingly updated
Purpose definition	To ensure that at any given time, the status of each asset is up to date and the applicable measures effected
Source/collection of data	Fixed Asset Registers
Method of calculation	Actual number of assets reviewed and updated
Data limitations	User departments may not communicate amendments to assets or actions taken that may expose MEGA thus affecting the status of the assets
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	A record of all MEGA's assets to be in place and updated and applicable measures taken as necessary at the right time
Indicator responsibility	Chief Financial Officer

TECHNICAL INDICATOR DESCRIPTIONS

Strategic Goal 7: Continued

Enhanced Operational Excellence

Indicator Title	% reduction in unauthorised expenditure
Short definition	Ensure compliance with Government Prescripts (PFMA and Treasury Regulations)
Purpose definition	To measure % reduction in unauthorised expenditure
Source/collection of data	Irregular Expenditure Register
Method of calculation	Value of the Irregular Expenditure Register
Data limitations	Depended on compliance to business processes by divisions
Type of indicator	Outcome
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	Reduction of unauthorised expenditure to zero (0)
Indicator responsibility	Chief Financial Officer

Strategic Goal 8:

Achieved Financial Sustainability

Indicator Title	Achieved Financial Sustainability
Short definition	Less dependability on government grant and maximize own revenue generation
Purpose definition	Measure an increase in own revenue generated to reduce government grant dependability
Source/collection of data	Monthly Management Accounts
Method of calculation	Value of revenue generated through revenue streams
Data limitations	No limitations
Type of indicator	Outcome
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	Increase own revenue streams to ensure growth and sustainability
Indicator responsibility	GM: Properties & Infrastructure; GM: Funding. Chief Financial Officer

TECHNICAL INDICATOR DESCRIPTIONS

Strategic Goal 8: Continued

Achieved Financial Sustainability

Indicator Title	Improvement in audit outcomes
Short definition	Less dependability on government grant and maximize own revenue generation
Purpose definition	Measure improvement in revenue enhancement strategies
Source/collection of data	Divisional strategies; revenue enhancement strategies
Method of calculation	Number of revenue streams
Data limitations	No limitations
Type of indicator	Outcome
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	Increase own revenue streams to ensure growth and sustainability
Indicator responsibility	GM: Properties & Infrastructure; GM: Funding, Chief Financial Officer

Indicator Title	Improvement in audit outcomes
Short definition	Reduction in existing debtors
Purpose definition	Measurement of decrease in outstanding debtors
Source/collection of data	Debtors book
Method of calculation	Ratio (%) of total debtors reduction
Data limitations	No limitation
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	Result from reduction in debtors to be allocated to potential investments and developments
Indicator responsibility	GMs: Properties & Infrastructure and Funding, Chief Financial Officer

TECHNICAL INDICATOR DESCRIPTIONS

Strategic Goal 9:

Improved Corporate Image of MEGA

Indicator Title	% Rating of MEGA Brand and Reputation Surveys
Short definition	Ensure improvement on MEGA's Brand and Reputation
Purpose / importance	To improve corporate image of MEGA, as perceived by various stakeholders, through the implementation of approved Marketing Strategy and Branding policy
Source / collection of data	Report on customer satisfaction survey
Data limitations	Poor participation by employees, clients and the public
Type of indicator	Outcome
Calculation type	Non-cumulative
Reporting cycle	Annually
New indicator	No
Desired performance	Continuous increase in MEGA Brand and Reputation
Indicator responsibility	GM: Strategy & Communications

Indicator Title	Number of reports on % implementation of approved Marketing Strategy and Branding policy
Short definition	Is a compilation of a Plan on Exhibitions, Production and Publication, Branding, Coordination of the entity's activities and advertising
Purpose/importance	Promotion of MEGA programmes and projects
Source/collection of data	Interaction with divisions within MEGA, Media Houses, MEGA clients and public
Data limitations	Lack of coordination within divisions
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	Development and implementation of Marketing Strategy and Branding policy
Indicator responsibility	GM: Strategy & Communications

TECHNICAL INDICATOR DESCRIPTIONS

ANNEXURE

Strategic Goal 9: Continued

Improved Corporate Image of MEGA

Indicator Title	Improvement in MEGA's Corporate Image
Definition	Improved MEGA's Corporate Image
Purpose / Importance	To ensure improvement on MEGA's Corporate Image through the implementation of approved Marketing Strategy and Branding policy
Source / Collection of Data	Results on survey conducted for customer satisfaction
Method of Calculation	% achieved as per customer satisfaction survey
Data Limitations	Poor participation by employees and clients
Indicator Type	Output
Calculation Type	Non-Cumulative
Reporting Cycle	Annually
New Indicator	Yes
Desired Performance	Improved MEGA's Corporate Image
Indicator Responsibility	GM: Strategy & Communications

Indicator Title	Rating on customer satisfaction survey
Definition	Improved customer satisfaction
Purpose / Importance	To ensure improvement on customer satisfaction through the implementation of approved Marketing Strategy and Branding policy
Source / Collection of Data	Results on survey conducted for customer satisfaction
Method of Calculation	% achieved as per customer satisfaction survey
Data Limitations	Poor participation by employees and clients
Indicator Type	Output
Calculation Type	Non-Cumulative
Reporting Cycle	Annually
New Indicator	Yes
Desired Performance	Improved customer satisfaction
Indicator Responsibility	GM: Strategy & Communications



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THANK
YOU

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