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LIST OF ABBREVIATIONS AND 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 2019/20 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 the 2016/17 financial year, the focus was on 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 has been completed and critical positions still not filled after this process will be prioritised to ensure that the entity is well capacitated.

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 investors' 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 serve 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.

A handwritten signature in black ink, appearing to read "S.P. Morgan".

Ms. S.P. Morgan (Company Secretary)
On behalf of the Board

OFFICIAL SIGN OFF



It is hereby certified that this Corporate 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 2019/20.





PART | A

STRATEGIC OVERVIEW

1. UPDATED SITUATIONAL ANALYSIS



1.1 The External Environment

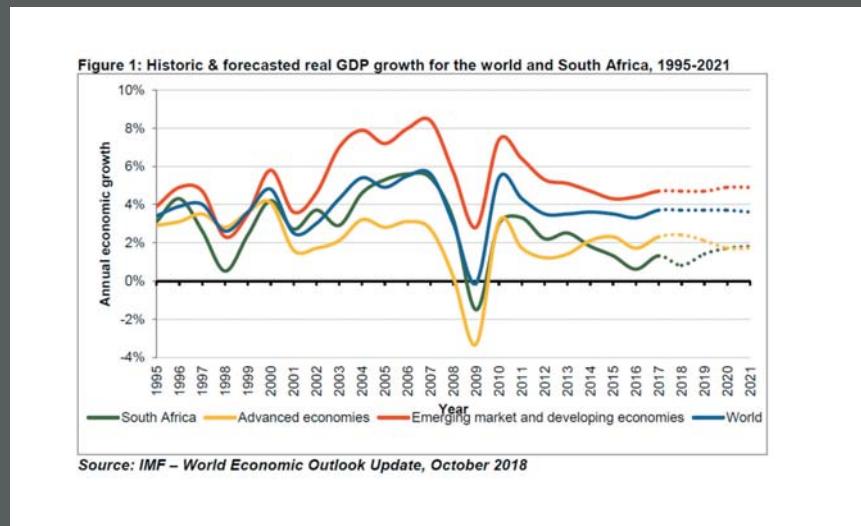
Global economic outlook

Global growth is projected at 3.7 percent for 2018 and 2019. In the United States, momentum is still strong as fiscal stimulus continues to increase. Growth projections have been marked down for the euro area and the United Kingdom, following surprises that suppressed activity in early 2018.

Among emerging market and developing economies, the growth prospects of many energy exporters have been lifted by higher oil prices, but growth was revised down for Argentina, Brazil, Iran, and Turkey, among others, reflecting country-specific factors, tighter financial conditions, geopolitical tensions, and higher oil import bills. China and a number of Asian economies are also projected to experience somewhat weaker growth in 2019 in the aftermath of the recently announced trade measures.

South African Economic Outlook

The domestic economy tracked world growth relatively closely in the period between 2000 and 2009 (Figure 1). However, since the economic downturn in 2008/09, the domestic economy has struggled to achieve even modest world growth levels. In 2017, the annual real economic growth rate for South Africa was 1.3 per cent, following an increase of only 0.6 per cent in 2016. The country's forecasted growth rate up to 2021 is expected to remain lower than world growth prospects, but to surpass growth of advanced economies in 2021 again. The key measure of economic success identified in the National Development Plan 2030 (NDP) is that South Africa achieves annual average gross domestic product (GDP) growth of over 5 per cent up to 2030.



Compiled using Quarter 3 Socio-Economic Review and Outlook (SERO) of Mpumalanga – December 2018



1. UPDATED SITUATIONAL ANALYSIS

South African Economic Outlook

The International Monetary Fund (IMF) forecast economic growth for South Africa of 0.8 per cent in 2018. Economic growth is anticipated to recover to a modest 1.4 per cent in 2019. At the Monetary Policy Committee (MPC) meeting in November 2018 the economic growth forecast of the South African Reserve Bank (SARB) was 0.6 per cent for 2018 and 1.9 per cent for 2019.

The SARB figure was slightly lower than the 0.7 per cent annual growth forecasted by National Treasury in the Medium Term Budget Policy Statement (MTBPS) 2018. The domestic economy grew by 2.2 per cent in the third quarter of 2018 after two consecutive quarters of contraction. The main positive contributors to growth in GDP in the third quarter of 2018 was manufacturing and finance. In contrast, the largest negative contributors to growth in GDP in the third quarter 2018 were mining and construction. Both agriculture and trade achieved a positive growth rate after two consecutive quarters of contraction.

South Africa slightly improved both its score and ranking (51st place out of 138, down four places) in the World Economic Forum's (WEF) Global Competitiveness Report 2017-2018. It registered marginal improvements in almost all aspects of competitiveness, however, shortcomings such as stalled infrastructure development may limit South Africa's competitiveness going forward. In the World Bank's Doing Business 2017 report, South Africa ranked 74th out of 190 and did not improve its score mainly due to increases in property transfer tax and vehicle tax as well as complicating paying taxes by increasing the time it takes to prepare value added tax (VAT) returns.

The year-on-year inflation rate as measured by the consumer price index (CPI) for all urban areas was 5.2 per cent in November 2018. The Monetary Policy Committee (MPC) announced at the conclusion of its November 2018 meeting that the SARB's national inflation forecast was adjusted to 4.8 per cent and 5.5 per cent for 2018 and 2019, respectively. The forecast for 2020 was kept at 5.4 per cent.





MPUMALANGA ECONOMIC OUTLOOK:

Economic Sectors and Performance:

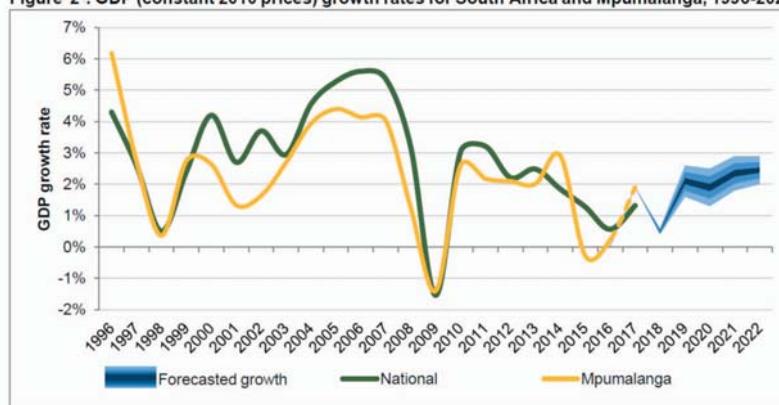
It is estimated that in 2016, Mpumalanga contributed some R323.7 billion in current prices or some 7.4 per cent to the GDP of South Africa. Converted to constant 2010 prices, Mpumalanga's contribution was R222.2 billion.

According to estimates, Mpumalanga's contribution in constant 2010 prices was the fifth largest among the nine provinces. Mpumalanga's contribution decreased from 8.1 per cent in 1995 to 7.3 per cent by 2014 and finally 7.2 per cent in 2016. Gauteng (35.0 per cent) and KwaZulu-Natal (16.0 per cent) were the main contributors to the national economy in 2016.

At the start of the period under review, particularly 1996, 1997 and 1999, the economic growth of the province, as measured by growth in the GDP, was higher than the national rate. However, since then the provincial economy has outperformed the national economy in terms of GDP growth only in 2009 and 2014 (Figure 2). The average annual growth rate for the country and Mpumalanga over the period 1995 to 2016 was 2.9 per cent and 2.3 per cent, respectively.

Mpumalanga recorded the sixth highest/fourth lowest annual average GDP growth rate in the 21-year period. The forecasted annual growth rates for South Africa and Mpumalanga are projected to remain low and average 1.5 per cent annually between 2017 and 2022.

Figure 2 : GDP (constant 2010 prices) growth rates for South Africa and Mpumalanga, 1996-2022



Sources: Statistics South Africa – GDP, 2018 (Historic growth)
IHS Markit - ReX, October 2018 (Future growth)

MPUMALANGA ECONOMIC OUTLOOK:

The release of quarterly national GDP results and statistics by Stats SA enables one to determine the national economic growth rate for that specific quarter. This provides an early indication on national economic growth for the full year as well as signalling which industries are contributing strongly to growth and which are lagging or faltering. In light of these two challenges it is problematic to provide an early indication on provincial economic growth for a quarter and even a full year. Growing or struggling industries are only identified a year later when the growth cycle might have already changed. The possibility exist that ill-timed counter cyclical policy interventions can be administered, proving unsuccessful and with even devastating effects. Therefore, to address the challenges, a structural model was adopted that allows one to estimate the GDP for Mpumalanga for years and quarters not yet published by Stats SA.

The annual growth for 2017 can now be calculated based on the quarterly growth estimations.

According to the structural model employed, Mpumalanga's real GDP growth for 2017, as calculated from the estimated quarterly figures, was 1.9 per cent. This was higher than the national growth rate of 1.3 per cent. The reason for the higher growth in Mpumalanga can largely be ascribed to the strong growth experienced in mining and agriculture during 2017 and the extent of the two industries' contribution to the provincial economy compared to its national contribution.

The quarter-on-quarter GDP growth in South Africa and Mpumalanga is displayed in Figure 3, which indicates that the real GDP (measured by production) of South Africa increased by 2.2 per cent in the third quarter of 2018, following a decrease of 0.4 per cent in the second quarter of 2018. Mpumalanga's GDP growth is estimated to have increased by 0.4 per cent in the third quarter of 2018 after the 0.6 per cent increase estimated for the second quarter 2018. It is noteworthy that Mpumalanga was not technically in a recession like the national economy in the first half of 2018. The difference between the quarterly growth rates of South Africa and Mpumalanga can be ascribed to the structural differences between the national and provincial economies.

Figure 3: Quarter-on-quarter GDP at market prices growth (constant 2010 prices) in South Africa & Mpumalanga, Q3 2017-Q3 2018



Sources: Statistics South Africa – GDP, 2018
Economic Analysis Structural Model, 2018

The negative impact of the global economic developments since 2008 and national infrastructure constraints, such as the weak electricity supply, on the performance of the Mpumalanga economy is evident from the data presented. Most industries in the province did not contribute appropriately in terms of average annual growth over the past 20 years. Therefore, 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.



MPUMALANGA ECONOMIC OUTLOOK:

1.2 The Internal Environment

The Mpumalanga government considers MEGA as a critical institution in the execution of its economic policy and is eager to see the institution stabilise, grow sustainably and deliver on its mandate. The provincial government, in turn has entrusted MEGA with, amongst others, the following responsibilities related to the execution of the Mpumalanga Economic Growth and Development Path (MEGDP) and Vision 2030:

- Promotion of black industrialists through exploiting opportunities presented by strategic initiatives such as, Industrial Technology Parks, Nkomazi SEZ and etc.
- The establishment of the Mpumalanga International Fresh Produce Market (MIFPM) as a critical lever to stimulate increased agricultural production to supply domestic and international markets.
- Promote Trade and Investment guided by the Provincial Trade and Investment Strategy that will support key economic sectors of the Province.
- To attract private sector investment and to increase infrastructure investment.
- Support development of SMMEs and Cooperatives through the Social Enterprise Model (Programme), Government Nutrition Programme, access to funding using internal funds and strategic partners.

In order to deliver on its mandate, MEGA began the process of positioning itself as 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. This was done through organisational development (OD) process which was completed in 2018. The normal recruitment processes to fill critical positions which were not filled through the OD process was put on hold due to a moratorium effected by the MEC on all processes linked to Section 189 and on the filling of vacant posts.

There is a need for MEGA to develop a financial model in order to ensure sustainability as a result of the factors highlighted below:

- The conditional grant levels have risen significantly in the last 5 years (i.e. requiring more and more internal staff to carry out provincial programmes). This has given rise to an urgent requirement for a dedicated programme management department, but no budget has been made available for this requirement.
- The operational grant required to fulfil MEGA's core mandate has simultaneously been dwindling sharply during the same period. The Operational grant has been cut by 69% over 3 years, placing MEGA in a precarious position.
- MEGA has never been adequately capitalised since its latest legal form was implemented via a merger of various entities that were entirely dependent on government grants.
- Ad hoc programme decisions such as MEGA's obligation to take over projects consumed and diverted significant financial and human resources in MEGA which were earmarked for core mandated activities.
- The legacy of the existing loan book is an impairment of 37.3% (R70.2m of R188.4m).

MEGA would further need to significantly scale up the balance sheet to have an even greater scale of impact on the Mpumalanga economy's transformation. Over the last few years it has managed to remove most of the items giving rise to qualification in the audit opinion. A clean audit would enable the entity to approach third parties for funding in order to scale up the balance sheet for even greater scale of projects.

The property portfolio is also being evaluated for opportunities to generate additional development opportunities and for making use of such properties to facilitate the raising of additional capital to bolster MEGA's balance sheet. This capacity created by a stronger balance sheet will allow MEGA to catalyse significant investments from the private sector, through MEGA utilising its capital to enhance the investment case for outside capital to flow into Mpumalanga.



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.





2. REVISION TO LEGISLATION AND OTHER MANDATES

i. **Outcome 4: Decent employment through inclusive growth**

Output 1: Faster and sustainable inclusive growth

- Sub-output 7: Agreement with social partners to promote the goal of decent work through inclusive growth and strengthened implementation of the Framework Response to the International Economic Crisis

Output 2 - More labour absorption growth

- Sub-output 1: Increased financing for industrial development
- Sub-Output 5: Green Economy

Output 4: Increased competitiveness, to raise net exports, grow trade as a share of world trade and improve its composition

Output 6: Improved support to small business and cooperatives

- Sub-output 1: Reduced constraints and improved support to SMMEs and co-ops

ii. **Outcome 6: An efficient, competitive and responsive economic infrastructure network.**

Sub-outcome 2: Reliable generation, transmission and distribution of energy ensured

- Strategic integrated project (SIP) 8: Green energy in support of the South African economy - Support sustainable green energy initiatives on a national scale through a diverse range of clean energy options as envisaged in the Integrated Resource Plan (IRP2010) and support bio-fuel production facilities and the development of fuel cells.
- Sub-outcome 3: Maintenance, strategic expansion, operational efficiency, capacity and competitiveness of our transport infrastructure ensured
- SIP 11: Agri-logistics and rural infrastructure - Improve investment in agricultural and rural infrastructure that supports expansion of production and employment, small-scale farming and rural development, including facilities for storage (silos, fresh-produce facilities, packing houses); transport links to main networks (rural roads, branch train-line, ports), and rural tourism infrastructure.
- Sub-outcome 5: Expansion, modernisation, access and affordability of our Information and communications infrastructure ensured

iii. **Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all**

Sub-outcome 4: Smallholder producers' development and support (technical, financial, infrastructure) for agrarian transformation

- Provide support to smallholder producers in order to ensure production efficiencies

iv. **Outcome 8: Sustainable human settlements and improved quality of household life.**

Sub-Outcome 1: Adequate housing and improved quality living environments

- Provide support for economic development in identified hubs, nodes and linkages to be developed in historical black townships (and where identified in new developments)

Sub-Outcome 02: A functionally equitable residential property market

- Diversify finance options and products for the affordable gap market in particular



2. REVISION TO LEGISLATION AND OTHER MANDATES

v. **Outcome 12: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship**

Sub-outcome 2: A public service that is a career of choice

- Use assessment mechanisms to build confidence in recruitment processes
- Develop mechanisms to help departments strengthen their internal HR capacity.
- Support the appointment of youth into learnership, internship and artisan programmes
- Review and improve the Senior Management Service Performance Management and Development System

Sub-Outcome 4: Efficient and effective management and operations systems

- Review, improve and support implementation of the service delivery improvement planning system
- Implement operations management framework and methodology (Business processes mapped and or Standard Operating Procedures developed)

Sub-Outcome 5: Procurement systems that deliver value for money

- Differentiate between different forms of procurement to allow for strategic sourcing and different sourcing methodologies
- Capacity building and professionalising supply chain management
- Provide real-time operational support
- Ensure effective and transparent oversight
- Review and simplification of regulations and guidelines where necessary

Sub-Outcome 8: Improved mechanisms to promote ethical behavior in the public service

- Strengthen implementation of Financial Disclosure Framework
- Prohibit public servants from doing business with the state
- Strengthen protection of whistle-blowers

Strategic Oriented Outcomes Mapped to the Millennium Development Goals (MDG)

Millennium Development Goal 1: To reduce poverty around the world.

- Target 1B of Goal 1 - achieve full and productive employment and decent work for all including women and young people. This target is directly linked to outcome 4 i.e. decent employment through inclusive growth.

Millennium Development Goal 7: To ensure environmental sustainability.

- Target 7D of Goal 1, i.e. achieve significant improvement in the lives of slum dwellers. This target is linked to outcome 8 i.e. sustainable human settlements, and improved quality of life for households.

b) 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

2. REVISION TO LEGISLATION AND OTHER MANDATES

b) Mpumalanga Economic Growth and Development Path

- 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

c) 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).

d) 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 also address the decline in industrial and manufacturing capacity and contribute to the reduction of chronic unemployment in line with the MEGDP and IPAP.

e) Nkomazi Special Economic Zone (SEZ)

In 2015, the Mpumalanga Provincial Executive Committee took a decision to pursue the designation of a Special Economic Zone (SEZ) within the Province in line with the objectives of the SEZ programme, among which is to create jobs through value-addition (industrialisation) of locally available resources.

The Nkomazi area (Komatipoort) was selected to host the agro-processing and logistics SEZ, because of its location along the N4 Maputo Corridor and proximity to most of the agricultural commodities required for the targeted agro-processing industries.

In terms of the Special Economic Zones Act, 2014, the application for the designation of the Nkomazi SEZ was submitted to the Minister of Trade and Industry in December 2017. In May 2018, the Minister of Trade and Industry supported the designation of the Nkomazi SEZ subject to a public consultation process which was completed at the end of June 2018. After a number of consultation with various stakeholders, the application was approved by national Cabinet on 5 December 2018.

MEGA as a provincial government entity, is an implementing agent for the Nkomazi SEZ.

Relevant court rulings

None.



3. OVERVIEW OF 2018 BUDGET AND MTEF ESTIMATES

3.1 Expenditure Estimates

PROGRAMMES	EXPENDITURE OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM-TERM EXPENDITURE ESTIMATES		
	2016/17	2017/18	2018/19		2018/19	2019/20	2020/21
1. Office of the CEO	21,809	22,329	22,328	21,910	18,520	19,539	20,613
2. Corporate Services	32,268	28,671	34,131	29,679	31,466	33,196	35,022
3. Finance	94,812	54,825	38,356	71,430	98,566	42,177	44,496
4. Strategy & Communication	14,062	22,020	27,143	18,335	17,610	18,579	19,600
5. Properties & Infrastructure	303,647	547,715	488,178	454,039	490,850	913,305	962,987
6. Funding	123,467	217,269	409,798	248,229	184,021	186,903	197,183
TOTAL	590,065	892,829	1,019,933	843,622	841,033	1,213,698	1,279,902

3.2 Expenditure Estimates by Economic Classification

PROGRAMMES	EXPENDITURE OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM-TERM EXPENDITURE ESTIMATES		
	2016/17	2017/18	2018/19		2018/19	2019/20	2020/21
Current payments	397,248	386,007	333,771	379,808	304,235	320,968	338,621
Compensation of employees	105,715	109,802	119,462	117,423	119,925	126,521	133,480
Goods and services							
of which:							
Accommodation and travelling	3,421	3,226	3,294	2,965	2,566	2,708	2,856
Advertising / marketing	1,885	1,984	1,863	1,439	258	273	288
Apportionment expense	6,592	7,159	-	3,110	2,963	3,126	3,298
Audit fees	5,902	7,087	6,079	5,223	6,092	6,427	6,781
Bad debts	64,537	49,547	-	39,426	-	-	-
Board fees	1,869	1,415	1,419	1,138	1,208	1,275	1,345
Bulk services purchases	86,268	63,361	74,841	71,302	77,006	81,241	85,709
Catering / conferences	717	564	499	353	526	555	586
Cleaning services	259	389	514	236	531	561	592
Communication	1,274	1,311	1,273	1,469	773	816	861
Consumables / groceries and loose tools	167	178	140	86	90	95	101
Corporate gifts and donations	1,872	606	8	6	7	7	7
Cost of sales - lemons	18,849	25,265	3,680	1,975	5,260	5,550	5,855
Cost of sales - wine	10	11	5	7	7	8	8
Depreciation	11,088	12,608	10,495	12,785	-	-	-
Employee cost - other	1,195	(872)	857	369	303	319	337
EPWP	829	912	1,000	1,000	1,220	1,287	1,358
Farm purchases - inventory	(121)	1,994	1,929	1,995	9,059	9,557	10,082
Fees paid - commission, taxes and levies	2	110	5	1	2	2	2
Host investor conference	146	2,755	-	-	-	-	-
Insurance fees	5,945	6,824	7,112	7,570	7,112	7,504	7,916



ECONOMIC CLASSIFICATION CONTINUED

PROGRAMMES	EXPENDITURE OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM-TERM EXPENDITURE ESTIMATES		
	2016/17	2017/18	2018/19		2018/19	2019/20	2020/21
Interest and bank charges paid	2,138	1,183	437	811	244	258	272
IT services	3,501	2,610	2,106	2,023	1,219	1,286	1,357
Legal fees	5,401	6,392	5,623	5,696	3,444	3,634	3,834
Loss on sale/scrap of assets	297	37	-	100	-	-	-
Maintenance and repairs	5,693	4,718	5,027	1,800	1,188	1,254	1,323
Office removal	235	549	-	50	660	696	735
Operating leases - building and equipment	8,160	8,198	8,894	9,713	11,216	11,833	12,484
Organisational Development - including recruitment and relocation	4,138	3,315	3,237	1,754	1,541	1,626	1,715
Other expenses	13	21	20	6	6	7	7
Postage and stationery	1,240	548	477	582	612	646	682
Professional fees	15,742	26,219	32,115	24,972	7,965	8,403	8,865
Protective clothing	87	83	331	155	100	106	112
Security services	11,353	14,985	15,025	15,498	15,307	16,149	17,038
Specialised services - electrical, landfill and water waste	3,459	4,388	6,795	3,168	5,815	6,135	6,472
Statutory reports compilation	373	303	620	684	820	865	913
Storage expenses	-	140	301	300	325	343	362
Subscriptions and licences	342	394	489	1,245	1,432	1,511	1,594
Trade and investment missions and exhibitions	3,027	2,931	4,218	2,553	2,500	2,638	2,783
Training and bursaries	714	726	1,403	1,473	1,640	1,730	1,825
Vehicle cost	339	272	371	299	800	844	890
Water and electricity	11,419	10,750	9,776	10,725	11,293	11,915	12,570
Workshops	1,156	1,008	2,030	1,172	1,195	1,261	1,330

**MEGA HAS TO REMAIN 'TOP OF MIND'
IN INVESTORS' MINDS, IN STAKEHOLDERS
AND AS THE FIRST PORT OF CALL AS AN
INVESTMENT DESTINATION ENABLER FOR
MPUMALANGA.**



3. OVERVIEW OF 2018 BUDGET AND MTEF ESTIMATES

ECONOMIC CLASSIFICATION CONTINUED

PROGRAMMES	EXPENDITURE OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM-TERM EXPENDITURE ESTIMATES		
	2016/17	2017/18	2018/19		2018/19	2019/20	2020/21
Financial obligations	25,799	21,165	13,223	7,965	74,064	9,088	9,588
DBSA loan repayments	9,389	5,350	4,582	2,606	6,862	-	-
Accruals	-	-	-	-	58,588	-	-
VAT obligations	16,411	15,814	8,641	5,359	8,615	9,088	9,588
City of Tshwane Debt	-	-	-	-	-	-	-
Capital assets	14,231	10,118	6,673	7,280	3,322	3,504	3,697
Bulk infrastructure - transformer / electric network	1,531	-	-	-	-	-	-
Intangible assets - software	-	-	877	577	452	477	503
IT equipment	814	1,154	485	670	2,174	2,293	2,420
Motor vehicles	-	-	-	-	-	-	-
Office equipment	97	471	1,020	453	696	734	774
Plant and machinery	231	-	99	141	-	-	-
Property - renovations	11,558	8,493	4,192	5,440	-	-	-
Loan advances	45,380	34,529	20,298	23,871	28,122	29,669	31,301
Home loans	8,701	9,163	4,938	5,599	13,030	13,747	14,503
SMME and Co-Ops	27,280	21,270	8,190	18,272	8,118	8,565	9,036
Agricultural loans	9,399	4,095	7,169	-	6,974	7,357	7,762
SUB TOTAL	482,657	451,819	373,965	393,772	409,743	363,229	383,207



ECONOMIC CLASSIFICATION CONTINUED

PROGRAMMES	EXPENDITURE OUTCOMES			ADJUSTED APPROPRIATION	MEDIUM-TERM EXPENDITURE ESTIMATES		
	2016/17	2017/18	2018/19		2018/19	2019/20	2020/21
Strategic Initiatives	107,407	441,010	645,968	449,850	431,290	850,469	896,695
Donkerhoek Bottling Plant	353	327	319	322	339	357	377
Economic rejuvenation fund	-	-	20,000	20,000	-	-	-
Establishment of a Creative Industry Commission	-	5,216	8,000	8,000	-	-	-
Establishment of Infrastructure Unit	5,738	-	-	-	-	-	-
Establishment of Provincial Infrastructure Fund	5,640	-	-	-	-	-	-
Government Nutrition Programme	-	76,703	234,776	78,351	82,389	86,921	91,701
Government Nutrition Programme - Infrastructure	-	36,972	-	-	-	-	-
Mpumalanga International Fresh Produce Market	86,000	307,000	320,488	271,488	338,562	753,191	794,616
Nkomazi Special Economic Zone (SEZ)	6,672	8,447	6,384	2,690	10,000	10,000	10,000
SABS product certification programme	-	-	10,000	10,000	-	-	-
Sanitary towel Programme	-	-	20,000	20,000	-	-	-
SMME kick start programme	-	-	2,500	2,500	-	-	-
Township Revitalisation Initiative	3,005	6,289	-	-	-	-	-
Tyre business Programme	-	56	3,500	3,500	-	-	-
Mining incubation	-	-	20,000	20,000	-	-	-
Township Recapitalisation	-	-	-	13,000	-	-	-
TOTAL	590,065	892,829	1,019,933	843,622	841,033	1,213,698	1,279,902



3. OVERVIEW OF 2018 BUDGET AND MTEF ESTIMATES

3.1 Expenditure Estimates

Impact of Reduced Grant Allocation on Programme Performance

3.3.1 During the initial budget processes, MEGA projected its revenue to be R 306 million consisting of own revenue of R 56 million and grant revenue of R 250 million. MEGA was finally allocated R 197.923 million, which resulted in a budget shortfall of R 52 million.

3.3.2 Consequently, MEGA had to adjust its planned targets for 2019/20 and the results of this negatively affected programme performance targets as follows:

INITIAL TARGETS	REVISED TARGET	IMPLICATION
20 key initiatives (trade and investment missions, exhibitions and seminars undertaken to position the Province in key markets	15 key initiatives (trade and investment missions, exhibitions and seminars undertaken to position the Province in key markets	Reduced ability to embark on proactive investment attraction initiatives and potential loss of opportunities to make meaningful economic impact through investment within the Province.
Organisational Surveys undertaken to measure customer satisfaction, employees satisfaction as well as brand and reputation	Organisational Surveys will not be conducted	Reduced ability to both qualitatively and quantitatively (independently) assess the impact of the Entity's practices on its customers, employees and overall brand in an effort to identify gaps, address them and improve key stakeholders' experience in their interaction with the Entity.
6 divisions business processes mapped and standard operating procedures developed	2 divisions business processes mapped and standard operating procedures developed	Increased risk of non-compliance and unfavorable audit outcomes.
Placement of critical vacancies	Placement of critical vacancies put on hold	The Entity's ability to optimally execute on its mandate will be negatively impacted as the Corporate Strategy is not backed with the requisite human resources with the right skills and competencies.
R 13 million maintenance budget for the revitalisation of MEGA's properties	No budget allocated to maintenance of MEGA's properties	Negative impact on ability to collect revenue from the property portfolio with the increased risk of tenant evictions.
R 17 million for professional fees: Specialised services and to augment critical skills shortage within MEGA	Only R 6 million allocated for professional fees for specialised services	The entity's ability to optimally execute on its mandate will be negatively impacted given the current critical skills shortage internally and inability to recruit.
100% implementation of the ICT Strategy	30% implementation of the ICT Strategy	The current challenges pertaining to inadequate and inappropriate IT infrastructure to enable business processes in an integrated manner will persist in the short to medium term.





3. OVERVIEW OF 2018 BUDGET AND MTEF ESTIMATES

3.1 Expenditure Estimates

Revenue

3.3.3 Revenue is projected to be R 382 million consisting of own revenue of R 210 million and grant revenue of R 172 million. Included in own revenue is a management fee of R 15 million relating to services rendered on behalf of DARDLEA in respect of the MIFPM.

Operating Expenditure

3.3.4 Operating expenditure is estimated to be R 317 million consisting of cost of employment of R 121 million, whilst goods and services are estimated to be R 196 million.

Strategic Initiatives

3.3.5 The MIFPM allocation for the 2018/19 financial year was reduced by R 49 million during the budget adjustment process, however, additional grant allocations were made for loan disbursements of R 22.5 million and for township revitalisation of R 13 million. The MTEF allocation for the 2019/20 is R 338.6 million.

3.3.6 The MIFPM allocation for the 2018/19 financial year was reduced by R 49 million during the budget adjustment process, however, additional grant allocations were made for loan disbursements of R 22.5 million and for township revitalisation of R 13 million.

3.3.7 MEGA utilised the latest MTEF budget numbers in preparing its 2019/20 budgets and has made provision for the following investments:

- a) Loan disbursements of R 28 million.
- b) Maintenance of our investment properties of R 1 million.

3.3.8 Revenue from the GNP is projected at R 49 million whilst the projected expenditure for the year is R 82 million, resulting in a budget shortfall of R 33 million. The projections may change pending finalisation of the business case and a decision by Provincial Government on the roll out of Phase II of the project.

Projected Surplus / Deficit

3.3.9 The entity projects a surplus net profit of R328 193 for the 2019/20 financial year.





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 2018/2019 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 Perspective**



i. **Financial or Stewardship**

- Financial performance
- Effective use of resources



ii. **Customer and Stakeholder**

- Customer value
- Satisfaction and or retention



iii. **Internal Process**

- Efficiency
- Quality



iv. **Organisational Capacity, Learning and Growth**

- Human Capital
- Infrastructure and technology
- Culture

4. MEGA'S BALANCED SCORECARD

4.2 BALANCED SCORECARD FOR 2019/20 – 2021/22

Strategic Goal 7: Enhanced Operational Excellence

FOCUS AREA | INVESTMENT

Strategic Goals	Strategic Objectives	Key Performance Indicators	Baseline R'000	MTEF Targets R'000		
			2018/19	2019/20	2020/21	2021/22
1. Increased implementation of suitable high impact investments opportunities in the province by injecting own funds	Investment preserved	% expenditure on the maintenance budget	0	95%	95%	95%
		% increase in revenue collection (rental)	0	10%	10%	10%
		% increase in revenue collection (utilities)	0	10%	10%	10%
		Repayment rate on housing loan book	0	75%	80%	85%
		Repayment rate on agricultural loan book	0	55%	60%	65%
		Repayment rate on SMMEs loan book	0	50%	55%	60%
		Repayment rate on Co-ops loan book	0	50%	55%	60%
		Number of post investment support provided to funded businesses	86	90	95	100
2. Increased implementation of suitable high impact investments opportunities in the province by working closely with partner investors	Investment growth	Value of loan disbursed	R20m	R28m	R35m	R45m
		Value of investment spent on infrastructure projects	0	R100m	R200m	R300m
		Value of investment spent on the property portfolio	0	R100m	R150m	R175m
		% increase in the occupancy of the property portfolio	0	55%	65%	70%
	Investment opportunities accessed through partner investors	Value of funding opportunities accessed for businesses through partnerships	R10m	R40m	R80m	R125m
		Value of procurement from accredited SMMEs supplying the Government Nutrition Programme	R15m	R50m	R80m	R135m
		Value of investment attracted into the property portfolio	0	R400m	R500m	R550m
		Value of investment attracted into the infrastructure projects	R650m	R300m	R500m	R600m
3. Increased access to export trade opportunities for MP companies	Investment attracted through trade and investment promotion	Value of signed agreements with investors through trade & Investment promotion	R600m	R700m	R800m	R900m
		Value of Investment Projects in which MEGA renders non-financial services to investors to help them implement their investment projects	0	R300m	R500m	R600m

FOCUS AREA | EXPORT TRADE

3. Increased access to export trade opportunities for MP companies	Key initiatives undertaken to position the Province in key markets	Number of key initiatives undertaken to position the Province in key markets	2	9	9	9
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4. MEGA'S BALANCED SCORECARD

4.2 BALANCED SCORECARD FOR 2019/20 – 2021/22

Strategic Goal 7: Enhanced Operational Excellence

FOCUS AREA | ORGANISATIONAL CAPABILITIES

Strategic Goals	Strategic Objectives	Key Performance Indicators	Baseline R'000	MTEF Targets R'000			
				2018/19	2019/20	2020/21	2021/22
4. Enhanced Organisational Sustainability	High Performing Organisation	% achieved on organisational performance targets	75%	80%	85%	90%	
		Organisational Culture	75%	-	95%	95%	
		Level of Employee Satisfaction	60%	-	70%	70%	
	Improved Corporate Image of MEGA	% of implemented projects arising from Marketing Strategy and Branding Policy	70%	75%	80%	95%	
		% achieved on MEGA Brand and Reputation through surveys	40%	-	65%	80%	
		% rating on customer satisfaction survey	75%	-	85%	90%	
	Divisional initiatives undertaken to enhance Operational Excellence	Number of divisional initiatives achieved aimed at enhancing internal controls, processes and systems	0	23	25	21	



FOR MEGA TO SUSTAIN GROWTH IN THE LONG TERM IT HAS TO CREATE NEW INVESTMENT PIPELINES, OPEN NEW AND IMPROVED FRONTIERS



5. STRATEGIC GOALS

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

- Increased implementation of suitable high impact investments opportunities in the province by injecting own funds.
- Increased implementation of suitable high impact investments opportunities in the province by working closely with partner investors.
- Increased access to export trade opportunities for MP companies.
- Enhanced Organisational Sustainability.

6. STRATEGIC OBJECTIVES

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

- Investment preserved.
- Investment growth.
- Investment opportunities accessed through partner investors.
- Investment attracted through trade and investment promotion.
- Key initiatives undertaken to position the Province in key markets.
- High Performing Organisation.
- Improved Corporate Image of MEGA.
- Enhanced Operational Excellence.
- Achieved Financial Sustainability.

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.

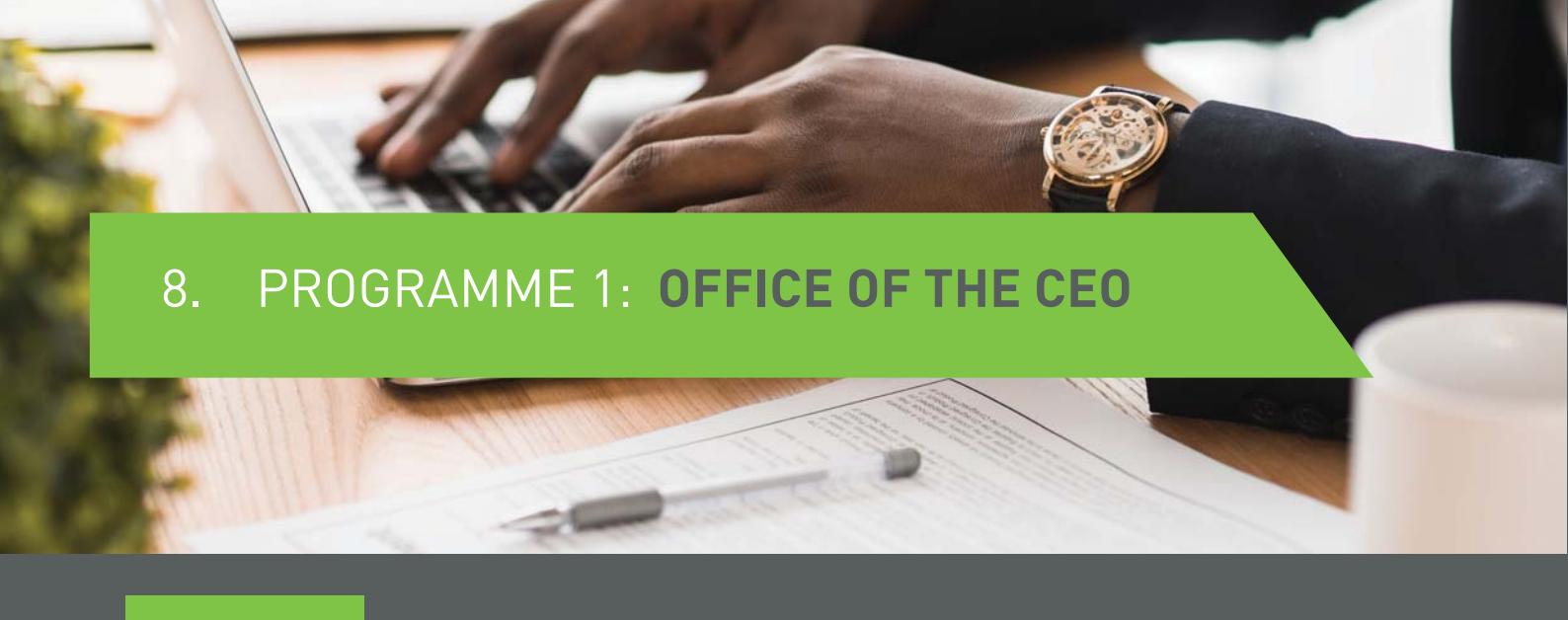




PART B

PROGRAMME & SUB
PROGRAMME PLANS

2



8. PROGRAMME 1: 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 6: High Performing Organization

Strategic Objective (Divisional)	Performance Indicators (Outputs)	Audited/Actual Performance			Estimated Performance 2018/19	Medium-term Performance Targets		
		2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
Divisional initiatives undertaken to enhance Operational Excellence	Number of Board & Committees meetings held v/s planned	Not applicable	Not applicable	Not applicable	Not applicable	24	24	24
	Number of reviews performed on Shareholders Compact	1	1	1	1	1	1	1
	Number of reviews performed Board Charter and Board Committees Terms of Reference	1	1	1	1	1	1	1
	Number of reports produced covering all matters relating to legal support	Not applicable	Not applicable	4	4	4	4	4
	Number of PFMA Compliance Check-lists submitted to the Shareholder	4	4	4	4	4	4	4
	Three-year Rolling Plan and Annual Audit Plan	Not applicable	Not applicable	Not applicable	Not applicable	1	1	1
	Number of Audit Committee Reports compiled for inclusion in the Annual Report	Not applicable	Not applicable	Not applicable	Not applicable	1	1	1
	Level of implementation of three (3) year Internal Audit Plan	Not applicable	Not applicable	100%	100%	100%	100%	100%



8. PROGRAMME 1: OFFICE OF THE CEO

8.5 QUARTERLY TARGETS

Strategic Goal 4: Enhanced Organisational Sustainability

Strategic Objectives	Key Performance Indicators	Reporting Period	Annual Target 2019/20	Quarterly Targets			
				1st	2nd	3rd	4th
Divisional initiatives undertaken to enhance Operational Excellence	Number of Board & Committees meetings held v/s planned	Quarterly	24	6	6	6	6
	Number of reviews performed on Shareholders Compact	Annually	1	0	0	0	0
	Number of reviews performed Board Charter and Board Committees Terms of Reference	Annually	1	0	0	0	0
	Number of reports produced covering all matters relating to legal support	Quarterly	4	1	1	1	1
	Number of PFMA Compliance Checklists submitted to the Shareholder	Quarterly	4	1	1	1	1
	Three-year Rolling Plan and Annual Audit Plan	Annually	1	0	0	0	1
	Number of Audit Committee Reports compiled for inclusion in the Annual Report	Quarterly	4	1	1	1	1
	Level of implementation of three (3) year Internal Audit Plan	Quarterly	100%	25%	50%	75%	100%

8. PROGRAMME 1: OFFICE OF THE CEO

8.6 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET & MTEF

Expenditure estimates

Sub programme	Expenditure Outcome			Adjusted Appropriation 2018/19	Medium-term Expenditure Estimate		
	2016/17	2017/18	2018/19		2019/20	2020/21	2021/22
Administration	9,326	7,518	8,753	8,695	6,506	6,864	7,241
Company Secretariat & Legal	8,309	9,463	8,923	9,460	7,364	7,769	8,197
Internal Audit	4,174	5,348	4,652	3,755	4,650	4,906	5,176
TOTAL	21,809	22,329	22,328	21,910	18,520	19,539	20,613

Economic Classification

Current payments	2018/19	2019/20	2020/21	2021/22
Compensation of employees	9,066	8,839	9,563	9,772
Goods and services of which:				
Accommodation and travelling	1,208	1,439	1,506	1,119
Audit fees	2,122	3,045	2,184	1,621
Board fees	1,869	1,415	1,419	1,138
Catering / conferences	120	150	179	181
Corporate gifts and donations	1,869	604	-	-
Legal fees	5,401	6,392	5,623	5,696
Professional fees	-	419	1,469	2,176
Subscriptions and licences	79	26	67	54
Training	75	-	319	154
TOTAL	21,809	22,329	22,328	21,910

HERE EXISTS A HORDE OF OPPORTUNITIES, INVESTMENT AND BUSINESSES TO EXPLOIT THAT COULD BE PROFITABLE WHILE ALSO HELPING TO REFORM SYSTEMS AND GROW THE BUSINESS.



9. PROGRAMME 2: 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 4: Enhanced Organisational Sustainability

Strategic Objective (Divisional)	Performance Indicators (Outputs)	Audited/Actual Performance			Estimated Performance 2018/19	Medium-term Performance Targets		
		2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
High Performing Organisation	% implementation of a Performance Management System	Not applicable	Not applicable	Not applicable	Not applicable	50%	80%	100%
Divisional initiatives undertaken to enhance Operational Excellence	% of implemented projects arising from the ICT Strategy	Not applicable	Not applicable	Not applicable	Not applicable	30%	100%	100%
	% achievement of ICT systems uptime	Not applicable	Not applicable	Not applicable	1	1	1	1
	Number of reports produced covering all matters relating to legal support	Not applicable	Not applicable	Not applicable	90%	98%	98%	98%
	% implementation of records management strategy	Not applicable	Not applicable	Not applicable	50%	70%	100%	100%
	% of strategic risks mitigated	Not applicable	Not applicable	10%	20%	25%	50%	75%
	% improvement in risk maturity level	Not applicable	Not applicable	Not applicable	10%	10%	40%	60%



IT IS ESTIMATED THAT IN 2016, MPUMALANGA CONTRIBUTED SOME R323.7 BILLION IN CURRENT PRICES OR SOME 7.4 PER CENT TO THE GDP OF SOUTH AFRICA. CONVERTED TO CONSTANT 2010 PRICES, MPUMALANGA'S CONTRIBUTION WAS R222.2 BILLION.





9. PROGRAMME 2: CORPORATE SERVICES

9.5 QUARTERLY TARGETS

Strategic Goal 4: Enhanced Organisational Sustainability

Strategic Objectives	Key Performance Indicators	Reporting Period	Annual Target 2019/20	Quarterly Targets			
				1st	2nd	3rd	4th
High Performing Organisation	% implementation of a Performance Management System	Quarterly	50%	0	20%	30%	50%
Divisional initiatives undertaken to enhance Operational Excellence	% of implemented projects arising from the ICT Strategy	Quarterly	30%	0%	10%	10%	10%
	% achievement of ICT systems uptime	Quarterly	90%	90%	90%	90%	90%
	% implementation of records management strategy	Quarterly	70%	0%	0%	0%	0%
	% of strategic risks mitigated	Quarterly	25%	5%	10%	5%	5%
	% improvement in risk maturity level	Annually	10%	10%	0%	0%	0%

9.5 QUARTERLY TARGETS

Expenditure estimates

Administration	6,824	7,113	7,130	7,188	7,344	7,748	8,174
Human Resources	15,171	13,128	16,221	13,403	13,436	14,175	14,954
Information Communication Technology	10,091	8,311	9,969	8,747	9,602	10,130	10,687
Enterprise-wide Risk Management	182	118	811	342	1,084	1,144	1,207
TOTAL	32,268	28,671	34,131	29,679	31,466	33,196	35,022



9. PROGRAMME 2: CORPORATE SERVICES

9.5 QUARTERLY TARGETS

Sub programme	Expenditure Outcome			Adjusted Appropriation 2018/19	Medium-term Expenditure Estimate		
	2016/17	2017/18	2018/19		2019/20	2020/21	2021/22
Current payments	31,454	27,517	32,769	28,433	28,840	30,426	32,099
Compensation of employees	14,302	16,433	17,978	16,624	17,806	18,785	19,818
Goods and services of which:							
Accommodation and travelling	1,014	325	388	519	590	623	657
Assessments and workshops	150	8	633	307	592	625	659
Catering / conferences	150	201	131	83	196	206	218
Consumables / groceries	162	163	109	82	86	91	96
Depreciation	899	880	610	859	-	-	-
Employee cost - other	1,195	(872)	857	369	303	319	337
Human Resources Development	639	726	1,084	1,319	1,518	1,602	1,690
IT services	781	1,247	957	292	308	325	343
IT services - network and 3G's	2,720	1,363	1,149	1,731	911	961	1,014
Office removal	235	549	-	50	660	696	735
Operating leases - equipment	472	264	304	422	309	326	344
Organisational Realignment (OD)	3,972	3,202	-	882	441	465	491
Postage and registration	80	93	95	42	44	46	49
Professional fees	1,760	811	2,839	1,285	1,959	2,066	2,180
Protective clothing	9	-	302	155	100	106	111
Recruitment (Incl. Advertising)	129	85	1,869	756	500	528	557
Relocation costs	38	28	1,369	116	600	633	668
Stationery and printing	1,161	455	382	540	568	600	633
Storage cost	-	140	301	300	325	343	362
Subscriptions and licences	12	99	131	231	250	264	278
Team building and workshops	302	5	9	-	-	-	-
Telephone / communication	1,274	1,311	1,273	1,469	773	816	861
Water and electricity	-	-	-	-	-	-	-
Payments for capital assets	814	1,154	1,362	1,247	2,626	2,771	2,923
IT equipment	814	1,154	485	670	2,174	2,293	2,420
Intangible assets - software	-	-	877	577	452	477	503
TOTAL	32,268	28,671	34,131	29,679	31,466	33,196	35,022





10. PROGRAMME 3: **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. PROGRAMME 3: FINANCE

10.4 ANNUAL TARGETS

Strategic Goal 4: Enhanced Organisational Sustainability

Strategic Objectives	Key Performance Indicators	Audited/Actual Performance			Estimated Performance 2018/19	Medium-term Performance Targets		
		2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
Divisional initiatives undertaken to enhance Operational Excellence	Audit opinion expressed by Auditor-General	Not applicable	Not applicable	Qualified	Unqualified	Unqualified	Unqualified	Unqualified
	Frequency of updates performed on Fixed Asset Register (FAR)	Not applicable	Not applicable	12	12	12	12	12
	% reduction in irregular expenditure	Not applicable	Not applicable	Not applicable	50%	60%	70%	90%

9.5 QUARTERLY TARGETS

Strategic Goal 4: Enhanced Organisational Sustainability

Strategic Objectives	Key Performance Indicators	Reporting Period	Annual Target 2019/20	Quarterly Targets			
				1st	2nd	3rd	4th
Divisional initiatives undertaken to enhance Operational Excellence	Audit opinion expressed by Auditor-General	Annually	Unqualified	0	Unqualified	0	0
	Frequency of updates performed on Fixed Asset Register (FAR)	Quarterly	12	3	3	3	3
	% reduction in irregular expenditure	Quarterly	60%	0	60%	0	0

**OUR OBJECTIVE CONTINUES TO BE
TO BUILD A CAPABLE, CREDIBLE AND
RESILIENT DEVELOPMENT FINANCE
INSTITUTION**



10. PROGRAMME 3: FINANCE

8.6 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET & MTEF

Expenditure estimates							
Sub programme	Expenditure Outcome			Adjusted Appropriation 2018/19	Medium-term Expenditure Estimate		
	2016/17	2017/18	2018/19		2019/20	2020/21	2021/22
Finance	94,812	54,825	38,356	71,430	98,566	42,177	44,496
TOTAL	94,812	54,825	38,356	71,430	98,566	42,177	44,496
Economic Classification							
Current payments	78,074	38,539	28,596	65,477	30,668	32,354	34,134
Compensation of employees	15,231	15,660	16,940	20,458	20,556	21,687	22,880
Goods and services							
of which:							
Accommodation and travelling	295	291	283	306	172	181	191
Advertising	257	269	281	123	130	137	145
Apportionment expense	6,592	7,159	-	3,110	2,963	3,126	3,298
Audit fees	3,780	4,042	3,896	3,602	3,793	4,002	4,222
Bad debts	42,552	2,754	-	24,827	-	-	-
Bank charges and interest	548	262	248	237	244	258	272
Catering / conferences	37	10	9	16	17	17	18
Depreciation	551	1,295	246	1,348	-	-	-
Loss on sale/scrap of assets	297	37	-	100	-	-	-
Professional fees	7,878	6,686	6,606	11,171	2,603	2,746	2,897
Subscriptions and licences	56	73	88	180	190	200	211
Financial obligations	16,411	15,814	8,641	5,359	67,202	9,088	9,588
DBSA loan repayments	-	-	-	-	-	-	-
Accruals	-	-	-	-	58,588	-	-
VAT obligations	16,411	15,814	8,641	5,359	8,615	9,088	9,588
Capital assets	328	471	1,119	593	696	734	774
Plant and machinery	231	-	99	141	-	-	-
Motor vehicles	-	-	-	-	-	-	-
Office equipment	97	471	1,020	453	696	734	774
TOTAL	94,812	54,825	38,356	71,430	98,566	42,177	44,496

THE FOCUS POST THE ORGANISATION DEVELOPMENT PROCESS, IS FOR MEGA TO FOCUS ON ATTRACTING INVESTMENTS INTO THE PROVINCE

11. PROGRAMME 4: 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 2: Increased implementation of suitable high impact investments opportunities in the province by working closely with partner investors

Strategic Objectives	Key Performance Indicators	Audited/Actual Performance			Estimated Performance 2018/19	Medium-term Performance Targets		
		2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
Investment attracted through trade and investment promotion	Value of signed agreements with investors through trade & Investment promotion	0	R606m	R500m	R600m	R700m	R800m	R900m
	Value of Investment Projects in which MEGA renders non-financial services in order to contribute to foreign direct investment flow in the Province	New	New	New	R300m	R400m	R500m	R600m

Strategic Goal 3: Increased access to export trade opportunities for MP companies

Strategic Objectives	Key Performance Indicators	Audited/Actual Performance			Estimated Performance 2018/19	Medium-term Performance Targets		
		2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
Key initiatives undertaken to position the Province in key markets	Number Local International Business Forums hosted	New	4	4	4	3	6	8
	Number of Outward Investment Missions conducted	3	3	6	7	3	6	8
	Number of Inward Trade and Investment Missions coordinated	4	4	4	5	3	6	8
	Number of Foreign Trade Exhibitions / Missions conducted	4	5	5	6	3	6	8
	Number of Local Trade Exhibitions undertaken / facilitated	4	4	4	5	3	6	8
	Number of Investors assisted with business linkages and referrals	Not applicable	Not applicable	Not applicable	Not applicable	40	60	80

11. PROGRAMME 4: STRATEGY & COMMUNICATIONS

11.4 ANNUAL TARGETS

Strategic Goal 3: Increased access to export trade opportunities for MP companies

Strategic Objectives	Key Performance Indicators	Audited/Actual Performance			Estimated Performance 2018/19	Medium-term Performance Targets		
		2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
Key initiatives undertaken to position the Province in key markets	Number of Investment and Trade Enquiries received as a result of MEGA's participation in Foreign Trade Exhibitions/ Missions and in Investment Promotion Missions	Not applicable	Not applicable	Not applicable	Not applicable	50	100	150
	Number of Exporters provided with Foreign Trade Counseling and Support	130	140	150	160	100	150	200
	Number of Exporter Training Workshops conducted in Mpumalanga	5	5	5	6	4	6	8

Strategic Goal 4: Enhanced Organisational Sustainability

Strategic Objectives	Key Performance Indicators	Audited/Actual Performance			Estimated Performance 2018/19	Medium-term Performance Targets		
		2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
High Performing Organisation	% achieved on organisational performance targets	Not applicable	Not applicable	Not applicable	75%	80%	85%	90%
Divisional initiatives undertaken to enhance Operational Excellence	Number of Organisational Performance Reporting Plans developed i.e. APP, Annual Report and Quarterly Reports	12	12	12	12	6	6	6
	Number of divisions with mapped business processes	Not applicable	Not applicable	0	0	2	4	0
	Number of divisions with standard operating procedures	Not applicable	Not applicable	0	0	2	4	0
	Number of reports produced to monitor and evaluate the mandate of the Organisation i.e. Internal M&E reports, Portfolio Committee reports, SCOPA reports & other reports required by Government	Not applicable	Not applicable	12	12	12	12	12
Improved Corporate Image of MEGA	% of implemented projects arising from Marketing Strategy and Branding Policy (Marketing and Branding Plan)	Not applicable	Not applicable	60%	70%	75%	80%	95%



11. PROGRAMME 4: STRATEGY & COMMUNICATIONS

11.5 QUARTERLY TARGETS

Strategic Goal 2: Increased implementation of suitable high impact investments opportunities in the province by working closely with partner investors

Strategic Objectives	Key Performance Indicators	Reporting Period	Annual Target 2019/20	Quarterly Targets			
				1st	2nd	3rd	4th
Investment attracted through trade and investment promotion	Value of signed agreements with investors through trade & Investment promotion	Quarterly	R700m	0	R300m	0	R400m
	Value of Investment Projects in which MEGA renders non-financial services in order to contribute to foreign direct investment flow in the Province	Quarterly	R400m	0	R 100m	R 150m	R 150m

Strategic Goal 3: Increased access to export trade opportunities for MP companies

Strategic Objectives	Key Performance Indicators	Reporting Period	Annual Target 2019/20	Quarterly Targets			
				1st	1st	1st	1st
Key initiatives undertaken to position the Province in key markets	Number Local International Business Forums hosted	Quarterly	3	0	1	1	1
	Number of Outward Investment Missions conducted	Quarterly	3	0	1	1	1
	Number of Inward Trade and Investment Missions coordinated	Quarterly	3	0	1	1	1
	Number of Foreign Trade Exhibitions / Missions conducted	Quarterly	3	0	1	1	1
	Number of Local Trade Exhibitions undertaken / facilitated	Quarterly	3	0	1	1	1
	Number of Investors assisted with business linkages and referrals	Quarterly	40	10	10	10	10
	Number of Investment and Trade Enquiries received as a result of MEGA's participation in Foreign Trade Exhibitions/ Missions and in Investment Promotion Missions	Quarterly	50	15	15	10	10
	Number of Exporters provided with Foreign Trade Counseling and Support	Quarterly	100	25	25	25	25
	Number of Exporter Training Workshops conducted in Mpumalanga	Quarterly	4	1	1	1	1

11. PROGRAMME 4: STRATEGY & COMMUNICATIONS

11.5 QUARTERLY TARGETS

Strategic Goal 4: Enhanced Organisational Sustainability

Strategic Objectives	Key Performance Indicators	Reporting Period	Annual Target 2019/20	Quarterly Targets			
				1st	2nd	3rd	4th
High Performing Organisation	% achieved on organisational performance targets	Annually	80%	0	80%	0	0
Divisional initiatives undertaken to enhance Operational Excellence	Number of Organisational Performance Reporting Plans developed i.e. APP, Annual Report and Quarterly Reports	Quarterly	6	1	2	1	2
	Number of divisions with mapped business processes	Annually	2	0	0	0	2
	Number of divisions with standard operating procedures	Annually	2	0	0	0	2
	Number of reports produced to monitor and evaluate the mandate of the Organisation i.e. Internal M&E reports, Portfolio Committee reports, SCOPA reports & other reports required by Government	Quarterly	12	3	3	3	3
Improved Corporate Image of MEGA	% of implemented projects arising from Marketing Strategy and Branding Policy (Marketing and Branding Plan)	Quarterly	75%	75%	0	0	0

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INSTITUTION**

11. PROGRAMME 4: STRATEGY & COMMUNICATIONS

11.6 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET & MTEF

Expenditure estimates							
Sub programme	Expenditure Outcome			Adjusted Appropriation 2018/19	Medium-term Expenditure Estimate		
	2016/17	2017/18	2018/19		2019/20	2020/21	2021/22
Trade & Investment	10,258	13,478	13,404	8,971	9,066	9,565	10,091
Corporate Strategy	1,765	2,415	6,599	4,091	4,851	5,117	5,399
Marketing & Communications	2,038	6,127	7,139	5,274	3,694	3,897	4,111
TOTAL	14,062	22,020	27,143	18,335	17,610	18,579	19,600
Economic Classification							
Current payments	14,062	22,020	27,143	18,335	17,610	18,579	19,600
Compensation of employees	7,828	9,050	9,614	9,328	9,944	10,491	11,068
Goods and services of which:							
Accommodation and travelling	266	597	470	550	520	549	579
Advertising / marketing	1,451	1,715	1,582	1,313	129	136	143
Briefing sessions / workshops	271	211	272	-	191	201	212
Catering / conferences	60	26	27	21	22	23	24
Corporate gifts	3	2	8	6	7	7	7
Customer surveys & operational excellence	-	220	439	572	-	-	-
Daily allowances - international	305	200	483	660	300	317	334
Foreign and outward exhibitions / missions	2,196	2,237	2,602	1,070	1,500	1,583	1,670
Host investor conference	146	2,755	-	-	-	-	-
Inward and local investment seminars and missions	525	493	1,133	824	700	739	779
Professional fees	141	3,546	9,101	2,924	2,908	3,068	3,237
Statutory reports compilation	373	303	620	684	820	865	913
Strategic workshops	434	565	678	294	412	435	459
Subscriptions and licences	61	100	115	92	157	166	175
TOTAL	14,062	22,020	27,143	18,335	17,610	18,579	19,600





12. PROGRAMME 5: PROPERTIES & INFRASTRUCTURE

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, property management and infrastructure development.

12.2 BUSINESS MODEL

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

12.3 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: PROPERTIES & INFRASTRUCTURE

12.4 ANNUAL TARGETS

Strategic Goal 1: Increased implementation of suitable high impact investments opportunities in the province by injecting own funds

Strategic Objectives	Key Performance Indicators	Audited/Actual Performance			Estimated Performance 2018/19	Medium-term Performance Targets		
		2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
Value of investment preserved	% expenditure on the maintenance budget	Not applicable	Not applicable	Not applicable	Not applicable	95%	95%	95%
	% increase in revenue collection (rental)	Not applicable	Not applicable	Not applicable	Not applicable	10%	10%	10%
	% increase in revenue collection (utilities)	Not applicable	Not applicable	Not applicable	Not applicable	10%	10%	10%
Value of investment growth	Value of investment spent on infrastructure projects	Not applicable	Not applicable	Not applicable	Not applicable	R100m	R200m	R300m
	Value of investment spent on the property portfolio	Not applicable	Not applicable	Not applicable	Not applicable	R100m	R150m	R175m
	% increase in the occupancy of the property portfolio	Not applicable	Not applicable	Not applicable	Not applicable	55%	65%	70%

Baseline: 2018/19 actual rental revenue collected v/s billing

Baseline: 2018/19 actual utilities revenue collected v/s billing

Projected external funding into the MIFPM

Projected expenditure on the revitalization of Ekandustria, Siyabuswa and Kabokweni industrial parks

Strategic Goal 2: Increased implementation of suitable high impact investments opportunities in the province by working closely with partner investors

Strategic Objectives	Key Performance Indicators	Audited/Actual Performance			Estimated Performance 2018/19	Medium-term Performance Targets		
		2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
Investment opportunities accessed through partner investors	Value of investment attracted into the property portfolio	Not applicable	Not applicable	Not applicable	R350m	R400m	R 500m	R 550m
	Value of investment attracted into infrastructure projects	Not applicable	Not applicable	Not applicable	R000m	R300m	R500m	R600m



12. PROGRAMME 5: PROPERTIES & INFRASTRUCTURE

12.5 QUARTERLY TARGETS

Strategic Goal 1: Increased implementation of suitable high impact investments opportunities in the province by injecting own funds

Strategic Objectives	Key Performance Indicators	Reporting Period	Annual Target 2019/20	Quarterly Targets			
				1st	2nd	3rd	4th
Value of investment preserved	% expenditure on the maintenance budget	Quarterly	95%	10%	40%	80%	95%
	% increase in revenue collection (rental)	Quarterly	10%	0%	5%	7.5%	10%
	% increase in revenue collection (utilities)	Quarterly	10%	0%	5%	7.5%	10%
Value of investment growth	Value of investment spent on infrastructure projects	Quarterly	R100 m	R0m	R20m	R50m	R30m
	Value of investment spent on the property portfolio	Quarterly	R100 m	R20m	R20m	R40m	R20m
	% increase in the occupancy of the property portfolio	Quarterly	55%	50%	50%	52%	55%
Investment opportunities accessed through partner investors	Value of investment attracted into the property portfolio	Quarterly	R400m	R0m	R100m	R200m	R100m
	Value of investment attracted into infrastructure projects	Quarterly	R300m	R0m	R50m	R150m	R100m

**OUR OBJECTIVE CONTINUES TO BE
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INSTITUTION**



11. PROGRAMME 4: STRATEGY & COMMUNICATIONS

12.6 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET & MTEF

Expenditure estimates

Sub programme	Expenditure Outcome			Adjusted Appropriation 2018/19	Medium-term Expenditure Estimate		
	2016/17	2017/18	2018/19		2019/20	2020/21	2021/22
Properties & Infrastructure	303,647	547,715	488,178	454,039	490,850	913,305	962,987
TOTAL	303,647	547,715	488,178	454,039	490,850	913,305	962,987

Economic Classification

Current payments	183,503	181,010	157,113	174,422	142,288	150,114	158,370
Compensation of employees	15,887	14,231	15,908	13,992	14,900	15,719	16,584
Goods and services of which:							
Accommodation and travelling	459	445	510	425	558	589	621
Advertising	176	-	-	-	-	-	-
Bad debts	24,649	37,806	-	25,511	-	-	-
Bulk services - electricity and water	86,268	63,361	74,841	71,302	77,006	81,241	85,709
Catering / conferencing	314	143	131	18	19	20	21
Cleaning services	190	294	421	153	445	469	495
Depreciation	8,815	9,609	8,815	9,754	-	-	-
Insurance fees	5,945	6,824	7,112	7,570	7,112	7,504	7,916
Maintenance and repairs	4,909	4,345	4,396	1,693	1,076	1,135	1,198
Operating leases - building	7,541	7,806	8,226	9,147	10,574	11,156	11,770
Other expenses	13	21	20	6	6	7	7
Professional fees	4,501	8,740	7,819	7,328	145	153	161
Protective clothing	65	20	-	-	-	-	-
Security services	10,476	13,940	13,992	14,514	14,272	15,057	15,885
Specialised services - electrical, landfill and water waste	3,459	4,388	6,795	3,168	5,815	6,135	6,472
Storage expenses							
Subscriptions and licenses	92	61	61	635	669	706	745
Vehicle cost	233	126	246	242	255	269	284
Water and electricity	9,511	8,849	7,818	8,962	9,437	9,956	10,503
Financial obligations	-						
City of Tshwane Debt	-	-	-	-	-	-	-
Payments for capital assets	13,089	8,493	4,192	5,440	-	-	-
Bulk infrastructure - transformer / electric network	1,531	-	-	-	-	-	-
Property - renovations	11,558	8,493	4,192	5,440	-	-	-
Strategic Initiatives	107,055	358,212	326,872	274,178	348,562	763,191	804,616
Nkomazi Special Economic Zone (SEZ)	6,672	8,447	6,384	2,690	10,000	10,000	10,000
Establishment of Provincial Infrastructure Fund	5,640	-	-	-	-	-	-
Establishment of Infrastructure Unit	5,738	-	-	-	-	-	-
Government Nutrition Programme - Infrastructure	-	36,972	-	-	-	-	-
Township Retail Warehouse	3,005	5,793	-	-	-	-	-
Mpumalanga International Fresh Produce Market	86,000	307,000	320,488	271,488	338,562	753,191	794,616
TOTAL	303,647	547,715	488,178	454,039	490,850	913,305	962,987





13. PROGRAMME 6: **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 1: Increased implementation of suitable high impact investments opportunities in the province by injecting own funds

Strategic Objectives	Key Performance Indicators	Audited/Actual Performance			Estimated Performance 2018/19	Medium-term Performance Targets		
		2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
Value of investment preserved	Repayment rate on housing loan book	Not applicable	Not applicable	Not applicable	0	75%	80%	85%
	Repayment rate on agricultural loan book	Not applicable	Not applicable	Not applicable	0	55%	60%	65%
	Repayment rate on SMMEs loan book	Not applicable	Not applicable	Not applicable	0	50%	55%	60%
	Repayment rate on Co-ops loan book	Not applicable	Not applicable	Not applicable	0	50%	55%	60%
	Number of post investment support provided to funded businesses	110	154	80	86	90	95	100
Value of investment growth	Value of loans disbursed	R5.4m	R 45.9m	R35m	R20m	R28m	R35m	R45m
Investment opportunities accessed through partner investors	Value of funding opportunities accessed for businesses through partnerships	New	New	R40m	R10m	R40m	R80m	R125m
	Value of procurement spent on farmers and SMMEs supplying the Government Nutrition Programme	New	New	R6.6m	R 15m	R50m	R80m	R135m

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.

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



13. PROGRAMME 6: FUNDING

13.5 QUARTERLY TARGETS

Strategic Goal 1: Increased implementation of suitable high impact investments opportunities in the province by injecting own funds

Strategic Objectives	Key Performance Indicators	Reporting Period	Annual Target 2019/20	Quarterly Targets			
				1st	2nd	3rd	4th
Value of investment preserved	Repayment rate on housing loan book	Quarterly	75%	75%	75%	75%	75%
	Repayment rate on agricultural loan book	Quarterly	55%	55%	55%	55%	55%
	Repayment rate on SMMEs loan book	Quarterly	50%	50%	50%	50%	50%
	Repayment rate on Co-ops loan book	Quarterly	50%	50%	50%	50%	50%
	Number of post investment support provided to funded businesses	Quarterly	90	20	25	25	20
Value of investment growth	Value of loans disbursed	Quarterly	R 28m	R 6m	R 6m	R 8m	R 8m
Investment opportunities accessed through partner investors	Value of funding opportunities accessed for businesses through partnerships	Quarterly	R40m	R 5m	R 10m	R 10m	R 10m
	Value of procurement from SMMEs supplying the Government Nutrition Programme	Quarterly	R50m	R 10m	R 15m	R 15m	R 10m



13. PROGRAMME 6: FUNDING

13.6 RECONCILING PERFORMANCE TARGETS WITH THE BUDGET & MTEF

Expenditure estimates							
Sub programme	Expenditure Outcome			Adjusted Appropriation 2018/19	Medium-term Expenditure Estimate		
	2016/17	2017/18	2018/19		2019/20	2020/21	2021/22
Equity Investments	39,180	50,726	29,360	21,919	29,251	30,860	32,558
Funding	84,287	166,543	380,438	226,310	154,770	156,043	164,625
TOTAL	123,467	217,269	409,798	248,229	184,021	186,903	197,183
Economic Classification							
Current payments	68,347	94,592	65,822	46,079	66,309	69,956	73,804
Compensation of employees	43,400	45,588	49,459	47,249	46,315	48,862	51,550
Goods and services of which:							
Accommodation and travelling	178	129	137	47	31	33	35
Advertising	-	(0)	-	3	-	-	-
Bad debts	(2,664)	8,988	-	(10,911)	-	-	-
Catering / refreshments	36	33	22	34	36	38	40
Cleaning cost	69	96	93	82	87	92	97
Consumables / groceries	5	15	31	4	4	4	4
Cost of sales - lemons	18,582	22,830	1,377	1,225	1,934	2,041	2,153
Cost of sales - wine	10	11	5	7	7	8	8
Depreciation	824	824	824	824	-	-	-
EPWP	829	912	1,000	1,000	1,220	1,287	1,358
Farm purchases	(121)	1,994	1,929	1,995	9,059	9,557	10,082
Fees paid - commission, taxes and levies	2	110	5	1	2	2	2
Interest paid - DBSA loan	1,590	921	189	574	-	-	-
Maintenance and repairs	784	374	630	107	112	118	125
Packaging cost	267	2,435	2,303	750	3,326	3,509	3,702
Professional fees	1,462	6,018	4,281	89	350	370	390
Protective clothing	13	63	29	0	0	0	0
Rent - building	94	88	317	144	333	351	370
Rental - equipment	52	39	47	-	-	-	-
Security services	878	1,045	1,033	984	1,036	1,093	1,153
Subscriptions and licences	42	35	28	54	56	59	63
Vehicle cost	106	146	125	57	545	575	606
Water and electricity	1,908	1,901	1,958	1,763	1,856	1,959	2,066
Workshops	-	-	-	-	-	-	-
Financial obligations	9,389	5,350	4,582	2,606	6,862	-	-
DBSA loan repayments	9,389	5,350	4,582	2,606	6,862	-	-
Loan Advances	45,380	34,529	20,298	23,871	28,122	29,669	31,301
Home loans	8,701	9,163	4,938	5,599	13,030	13,747	14,503
SMME and Co-Ops	27,280	21,270	8,190	18,272	8,118	8,565	9,036
Agricultural loans	9,399	4,095	7,169	-	6,974	7,357	7,762
Strategic Initiatives	353	82,798	319,096	175,673	82,728	87,278	92,078
Donkerhoek Bottling Plant	353	327	319	322	339	357	377
Economic rejuvenation fund	-	-	20,000	20,000	-	-	-
Establishment of a Creative Industry Commission	-	5,216	8,000	8,000	-	-	-
-	76,703	234,776	78,351	82,389	86,921	91,701	
Government Nutrition Programme	-	-	10,000	10,000	-	-	-
SABS product certification programme	-	-	20,000	20,000	-	-	-
Sanitary towel Programme	-	-	2,500	2,500	-	-	-
SMME kick start programme	-	496	-	-	-	-	-
Township Revitalisation Initiative	-	56	3,500	3,500	-	-	-
Tyre business Programme	-	-	20,000	20,000	-	-	-
Mining incubation	-	-	-	13,000	-	-	-
Township Recapitalisation	-	-	-	-	-	-	-
TOTAL	123,467	217,269	409,798	248,229	184,021	186,903	197,183





PART C

LINKS TO OTHER PLANS



LINKS TO THE LONG-TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS

1. CONDITIONAL GRANTS

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

2. PUBLIC ENTITIES

Not applicable.

3. PUBLIC-PRIVATE PARTNERSHIPS

Not applicable.

ANNEXURE D

VISION, MISSION AND VALUES



VISION, MISSION AND VALUES

ANNEXURE D

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 F

RISK MANAGEMENT PLAN

#	STRATEGIC OBJECTIVE	RISK	RISK CATEGORY	INHERENT RATING		RESIDUAL RATING		RISK ACCEPTABILITY
				SCORE	RANKING	SCORE	RANKING	
1	High Performing Organisation	Inadequate and inappropriate IT infrastructure to enable business processes	Technology & Data	20	VH	15	H	Unacceptable

RISK MITIGATION STRATEGY

1. Develop IT Strategy and Implementation Plan that is aligned to the Corporate Strategy (incl. required architecture)
2. Implement IT Strategy in line with Roadmap developed (this entails procurement of appropriate systems to support business processes in an integrated and/or interoperable manner)

#	STRATEGIC OBJECTIVE	RISK	RISK CATEGORY	INHERENT RATING		RESIDUAL RATING		RISK ACCEPTABILITY
				SCORE	RANKING	SCORE	RANKING	
2	Investment attracted through trade and investment promotion	Inability to make a meaningful economic impact through investment within the Province	Strategic	16	H	15	MED	Unacceptable

RISK MITIGATION STRATEGY

1. Build capacity within the Trade & Investment Promotion Unit through appointments and training
2. Develop and implement a strategy for engagement with the Private Sector inclusive of a stakeholder grid, continuous quarterly reporting and after-care
3. Actively resolve roles and responsibilities with the Shareholder
4. Continuous engagements with current and potential investors on MEGA's value proposition
5. Constant engagement with the relevant regulators
6. Leverage seat with Brand SA to influence positioning of the Mpumalanga Province
7. Quarterly investor engagements



RISK MANAGEMENT PLAN

ANNEXURE F

#	STRATEGIC OBJECTIVE	RISK	RISK CATEGORY	INHERENT RATING		RESIDUAL RATING		RISK ACCEPTABILITY
				SCORE	RANKING	SCORE	RANKING	
3	Investment preserved	Lack of financial & business sustainability	Financial	25	VH	16	H	Unacceptable

RISK MITIGATION STRATEGY

1. Facilitate approval of the Financial Sustainability Model and implement
2. Develop and implement a revenue enhancement strategy
3. Implementation of strategy dealing with legacy issues
4. Approval and implementation of integrated Marketing & Communications Strategy
5. Continuous implementation of Audit Remedial Action Plan
6. Implement new Lending Policy
7. Accelerate partnerships with Private Sector
8. Develop and implement a Cost Curtailment Strategy
9. Implement Debt Collection Strategy
10. Activate Credit Control Committee
11. Test and regularly review the Disaster Recovery Plan
12. Facilitate approval of and implement Talent Management Strategy (incl. Succession planning)
13. Develop a holistic Business Continuity Plan

#	STRATEGIC OBJECTIVE	RISK	RISK CATEGORY	INHERENT RATING		RESIDUAL RATING		RISK ACCEPTABILITY
				SCORE	RANKING	SCORE	RANKING	
4	High Performing Organisation	Inability to adequately capacitate the Organisational Structure	Strategic	25	VH	20	VH	Unacceptable

RISK MITIGATION STRATEGY

1. Capacitate organisational structure within the financial and space capacity available
2. Approval and implementation HR Strategy that is aligned to the Corporate Strategy
3. Develop and implement Personal Development Plans based on outcomes of competency assessments
4. Continuous implementation of Change Management interventions
5. Approval & implementation of Performance Management Policy
6. Continuous engagement with Organised Labour



RISK MANAGEMENT PLAN

ANNEXURE E

#	STRATEGIC OBJECTIVE	RISK	RISK CATEGORY	INHERENT RATING		RESIDUAL RATING		RISK ACCEPTABILITY
				SCORE	RANKING	SCORE	RANKING	
5	Improved Corporate Image of MEGA	Difficulty to change the public perception of MEGA	Reputational	20	VH	16	VH	Unacceptable

RISK MITIGATION STRATEGY

1. Implement the integrated Marketing & Communications Strategy and Policy
2. Conduct feasibility study on a dedicated Customer Relationship Centre
3. Capacitate the Customer Relationship Management Unit
4. Improve organisational performance through management of individual performance
5. Effective management of contracts
6. Effective and efficient execution of projects

#	STRATEGIC OBJECTIVE	RISK	RISK CATEGORY	INHERENT RATING		RESIDUAL RATING		RISK ACCEPTABILITY
				SCORE	RANKING	SCORE	RANKING	
6	High Performing Organisation	Absence of a well-defined "MEGA" Organisational Culture	Human resources	20	VH	20	VH	Unacceptable

RISK MITIGATION STRATEGY

1. Define and communicate a desired Organisational Culture and Values
2. Conclude and analyse the stakeholder satisfaction surveys
3. Develop and implement interventions to address findings from stakeholder satisfaction surveys
4. Effect a Culture regeneration drive
5. Implement Performance- and Consequence Management
6. Continued change management interventions



RISK MANAGEMENT PLAN

ANNEXURE F

#	STRATEGIC OBJECTIVE	RISK	RISK CATEGORY	INHERENT RATING		RESIDUAL RATING		RISK ACCEPTABILITY
				SCORE	RANKING	SCORE	RANKING	
7	Enhanced Organisational sustainability	Failure of governance / misalignment between EXCO, Board & Shareholder		25	VH	25	VH	Unacceptable

RISK MITIGATION STRATEGY

1. Bi-Annual engagement between Executive, Board and the Shareholder
2. Strengthen Shareholder Compact

#	STRATEGIC OBJECTIVE	RISK	RISK CATEGORY	INHERENT RATING		RESIDUAL RATING		RISK ACCEPTABILITY
				SCORE	RANKING	SCORE	RANKING	
8	Divisional initiatives undertaken to enhance Operational Excellence	Non-compliance and adherence to governing legislation and international best practice (MEGA Act, PFMA, Treasury Regulations, King Code, NCA, OHSA, ISO standards, etc.)	Compliance	20	VH	16	H	Unacceptable

RISK MITIGATION STRATEGY

1. Implement Compliance Policy and Legislative Compliance Universe
2. Conduct Roadshows on Compliance Policy and Legislative Compliance Universe
3. Document business processes and procedures
4. Roll out the organisation-wide business process mapping project
5. Roll out of the OHS Risk Assessment Action Plans



RISK MANAGEMENT PLAN

ANNEXURE F

#	STRATEGIC OBJECTIVE	RISK	RISK CATEGORY	INHERENT RATING		RESIDUAL RATING		RISK ACCEPTABILITY
				SCORE	RANKING	SCORE	RANKING	
9	Divisional initiatives undertaken to enhance Operational Excellence	Fraud and corruption	Fraud	12	MED	9	L	Acceptable

RISK MITIGATION STRATEGY

1. Implement Fraud & Corruption Policy and Plan
2. Conduct comprehensive organisation-wide fraud & corruption risk assessment
3. Utilise outcomes from fraud & corruption risk assessments to recommend deployment of preventative and detective controls
4. Facilitate staff commitment to abide by the Code of Conduct & Ethics
5. Facilitate continued fraud and corruption awareness programmes

#	STRATEGIC OBJECTIVE	RISK	RISK CATEGORY	INHERENT RATING		RESIDUAL RATING		RISK ACCEPTABILITY
				SCORE	RANKING	SCORE	RANKING	
10	Divisional initiatives undertaken to enhance Operational Excellence	Inadequate business continuity measures	Strategic	12	MED	9	L	Acceptable

RISK MITIGATION STRATEGY

1. Develop and implement a Business Continuity Plan



ANNEXURE



FRAUD AND CORRUPTION PREVENTION STRATEGY

PART B

- FRAUD AND CORRUPTION PREVENTION PLAN

PART C

- FRAUD AND CORRUPTION RESPONSE PLAN

PART D

- WHISTLEBLOWING POLICY

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PART B

Fraud and Corruption Prevention Plan

1. Introduction
2. Background
- 3.1 Strategic Approach
- 3.2 Operational approach
- 3.3 Maintenance approach

PART C

Fraud and Corruption Response Plan

1. Introduction
2. Purpose
3. Protected disclosure
4. Reporting fraud and corruption
 - 4.1 If an employee suspects fraud or corruption
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ANNEXURE

F

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PART C

Fraud and Corruption Response Plan

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6. The investigation process
7. The disciplinary process
8. References for employees
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2. Policy Objective and scope
3. Affirmation and compliance with the Protected Disclosure Act
4. Definitions
5. Acting in good faith
6. Reporting channels
7. Safeguards – harassment and victimisation
8. Reporting and recording of disclosure
9. How will MEGA respond?
10. Confidentiality
11. Creating awareness
12. Administration
13. Effective date



PART | B

FRAUD AND CORRUPTION PREVENTION PLAN





FRAUD AND CORRUPTION PREVENTION PLAN REVISION SCHEDULE

VERSION	REVIEW DATE	APPROVAL DATE
1	March 2016	26 April 2016
2	March 2017	25 April 2017
3	March 2018	

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

- 2.1 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.
- 2.2 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:

- (i) Strategic Approach;
- (ii) Operational Approach; and
- (iii) Maintenance Approach



FRAUD AND CORRUPTION PREVENTION PLAN REVISION SCHEDULE

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 Chief Risk Officer

The role of the Chief Risk Officer 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 Chief Risk Officer reports to the General Manager: Corporate Services.

The Chief Risk Officer shall report quarterly to the EXCO and the report should include the following issues:

- (i) Progress made in respect of implementing the Fraud and Corruption Prevention Strategy;
- (ii) Activities and plans for the next quarter to create awareness towards fraud and corruption – specifically the prevention and detection thereof;
- (iii) 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; and
- (iv) All allegations received from the prescribed whistle blowing mechanism, i.e. those that would have been reported to the ERM office and re-directed to the relevant office/authority for appropriate handling.

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.



FRAUD AND CORRUPTION PREVENTION PLAN REVISION SCHEDULE

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:

- (i) Management's fraud risk management programme, including management's identification of fraud risks and implementation of anti-fraud measures;
- (ii) The potential for management override of controls or other inappropriate influence over the financial reporting process;
- (iii) Mechanisms for employees to report concerns;
- (iv) Receipt and review of periodic reports describing the nature, status and eventual resolution of alleged or suspected fraud;
- (v) 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;
- (vi) Involvement of other experts – legal, accounting and other professional advisers – as needed to investigate any alleged or suspected wrongdoing brought to their attention;
- (vii) Review of accounting principles, policies and calculations of significant estimates used by management;
- (viii) Review of significant non-routine transactions entered into by management; and
- (ix) 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. They are required to act ethically beyond mere legal compliance.

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 Chief Risk Officer, 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 REVISION SCHEDULE

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:

- (i) Fraud and Corruption Prevention Strategy
- (ii) Relevant legislation
- (iii) Business Code of Conduct and Ethics
- (iv) How to identify fraud and corruption (red flags); and
- (v) How to respond to fraud and corruption.

The Chief Risk Officer 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:

- (i) Physical controls (securing of assets in terms of movement and identification)
- (ii) Authorisation controls (approval of expenditure)
- (iii) Supervisory controls (supervising day-to-day issues)
- (iv) Segregation of duties
- (v) Analysis of data
- (vi) Monthly and annual financial statements; and
- (vii) 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:



FRAUD AND CORRUPTION PREVENTION PLAN REVISION SCHEDULE

3.2.2.2 Pre-employment screening (continued)

- (i) Verification of identity
- (ii) Police criminal history
- (iii) Reference checks with the two most recent employers – this will normally require telephonic contact
- (iv) A consideration of any gaps in employment history and the reasons for those gaps
- (v) 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)

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

- (i) Verification of identity
- (ii) Verification of claimed educational qualifications
- (iii) Verification of employment history
- (iv) Reference checks with the two most recent employers – this will normally require telephonic contact
- (v) A consideration of any gaps in employment history and the reasons for those gaps
- (vi) Criminal record checks (after authorisation has been obtained from the prospective employee); and
- (vii) 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

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

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:

- (i) Verification of claimed educational qualifications
- (ii) Criminal history checks (after authorisation has been obtained from the prospective employee)
- (iii) Directorship and membership searches
- (iv) Insolvency searches; and
- (v) 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.



FRAUD AND CORRUPTION PREVENTION PLAN REVISION SCHEDULE

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. 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:

- (i) Vigilance on the part of, and subsequent reports of, irregular activity by employees, including line management
- (ii) Whistle-blowing system and Internal/External tip-off
- (iii) The Internal Audit function
- (iv) Ad hoc management reviews
- (v) Anonymous reports
- (vi) Continuous monitoring of financial and non-financial data; and
- (vii) The application of detection techniques.

The Chief Risk Officer will be responsible for developing and updating detection strategies which will 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:

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:

- (i) **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.
- (ii) **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.
- (iii) **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.



FRAUD AND CORRUPTION PREVENTION PLAN REVISION SCHEDULE

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, (Act 26 of 2000).

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 5838, Nelspruit, 1200
- E-mail: ethics@mega.gov.za
ceo@mega.gov.za

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

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:

1

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.

2

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.



FRAUD AND CORRUPTION PREVENTION PLAN REVISION SCHEDULE

3

4

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 33 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.

5

6

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 triennially 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

VERSION	REVIEW DATE	APPROVAL DATE
1	March 2016	26 April 2016
2	March 2017	25 April 2017
3	March 2018	

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, technical process, and employees should be aware of the consequences of a poorly conducted investigation, including:

- (i) Denial of justice
- (ii) Claims for defamation
- (iii) Action against MEGA for wrongful and unfair dismissal
- (iv) Inadmissible or poor control over the collection of evidence
- (v) Destruction of physical evidence
- (vi) Wasted time and cost
- (vii) 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 Audit, Risk & Compliance Committee/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.



FRAUD AND CORRUPTION RESPONSE PLAN

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:

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

- (i) National Anti-Corruption Hotline
- (ii) Chief Executive Officer (CEO)
- (iii) Chief Internal Auditor
- (iv) Chief Risk Officer
- (v) Chairperson of the Board Audit, Risk & Compliance Committee, if the CEO is the subject of the suspicion
- (vi) 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.

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:

- (i) National Anti-Corruption Hotline
- (ii) Chief Executive Officer (CEO)
- (iii) Chief Risk Officer
- (iv) Chief Internal Auditor
- (v) Chairperson of the Board Audit, Risk & Compliance Committee, if the CEO is the subject of the suspicion
- (vi) 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.



FRAUD AND CORRUPTION RESPONSE PLAN

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

- 6.1.1 The MEGA Hotline administrator will forward reports to Internal Audit, 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.
- 6.1.2 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.
- 6.1.3 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 Audit, Risk & Compliance Committee or the MEC for the Department of Economic Development and Tourism, as the circumstances dictate.
- 6.1.4 The preliminary investigation will include:
 - (i) Screening of allegations or information to gauge their credibility, and
 - (ii) Securing all evidence readily available.
- 6.1.5 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.
- 6.1.6 The CEO will keep the Board members updated on material matters.
- 6.1.7 Should the CEO be the subject of the reports received through the Hotline, the Chairperson of the Board Audit, Risk & Compliance Committee 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.
- 6.1.8 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 Audit, Risk & Compliance Committee or the MEC for the Department of Economic Development and Tourism respectively.



FRAUD AND CORRUPTION RESPONSE PLAN

6.1 Preliminary Enquiry (continued)

6.1.9 It should be noted that matters reported directly to the National Anti-Corruption Hotline are forwarded to the Office of the Premier: Integrity Management Unit which then assumes responsibility for informing MEGA and conducting subsequent investigations and reporting thereon to MEGA;

6.1.10 MEGA does not limit the reporting of incidents to one channel only but to encourage reporting, internal channels are also provided as articulated in this document. In such cases, MEGA may conduct its own investigations or may elect to handle these using external parties which may include but will not be limited to the Office of the Premier: Integrity Management Unit.

6.1.11 In all instances reflected in 6.1.9 and 6.1.10 above, the Internal Audit function will assume a central role in coordinating reports between the relevant authorities and governance structures.

6.2 Formal Enquiry

6.2.1 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 Internal Audit for further investigation and finalisation.

6.2.2 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.

6.2.3 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 Board 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.

6.2.4 Further action such as an investigation will include:

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

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

- (i) Background as to the basis for the investigation
- (ii) What action was taken in response to the allegation
- (iii) The facts that came to light and the evidence uncovered
- (iv) Action taken against any party where the allegations were proved
- (v) Action taken to recover any losses; and
- (vi) 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).

FRAUD AND CORRUPTION RESPONSE PLAN

6.2 Formal Enquiry (continued)

- 6.2.6 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.
- 6.2.7 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 Audit, Risk & Compliance Committee or the MEC for the Department of Economic Development and Tourism, respectively.
- 6.2.8 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 and Tourism within 30 working days after receipt of the final report.
- 6.2.9 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.
- 6.2.10 References to Forensic Investigators in this document include those directly contracted by MEGA to conduct investigations and the Office of the Premier: Integrity Management Unit, which may conduct investigations on behalf of MEGA.
- 6.2.11 Matters investigated by the Office of the Premier: Integrity Management Unit will be reported to the Office of the CEO unless they directly implicate the CEO, in which case the procedure outlined in the preceding paragraphs will be followed, likewise for a Board member.
- 6.2.12 The Internal Audit function will be responsible for maintaining contact with the Office of the Premier in order to receive regular reports on pending matters and report these accordingly to the relevant governance structures.

6.3 Communication of Findings and Recommendations

- 6.3.1 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.
- 6.3.2 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.
- 6.3.3 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.



FRAUD AND CORRUPTION RESPONSE PLAN

6.4 Post Event Action

6.4.1 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:

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

6.4.2 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

7.1 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.

7.2 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.

7.3 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. Such a determination will take into account the report issued by the Chairperson of the Board Audit, Risk & Compliance Committee.

7.4 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.

7.5 The decision whether disciplinary actions should be instituted should be done in consultation with Human Resources and Legal Services.

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

7.7 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 Audit, Risk & Compliance Committee 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 the conditions of employment, where such action is warranted.

7.8 If no disciplinary proceedings are instituted against the individual who was under investigation, the matter will be finalized with reasons furnished and the relevant parties shall be informed accordingly.



FRAUD AND CORRUPTION RESPONSE PLAN

8. 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.

9. Other matters

In each instance where fraud, corruption or irregularity is detected, the CFO and the General Managers of the different Divisions 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.

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

- 10.1 The CEO or the Chairperson of the Board Audit, Risk & Compliance Committee (as indicated above) will provide details of fraud, corruption or irregularities to the Board.
- 10.2 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:

- (i) An employee of MEGA
- (ii) A stakeholder of MEGA
- (iii) A supplier to MEGA.

- 10.3 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.
- 10.4 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.
- 10.5 All employees shall co-operate fully with the SAPS. An internal investigation or disciplinary process may be conducted in conjunction with any SAPS investigation.

11. 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.

12. Recovery and other remedies

- 12.1 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.
- 12.2 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.
- 12.3 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.

13. Review date

This Fraud and Corruption Response Plan shall be reviewed triennially 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

VERSION	REVIEW DATE	APPROVAL DATE
1	March 2016	26 April 2016
2	March 2017	25 April 2017
3	March 2018	

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, Internal Audit, Chief Risk Officer and to the Chairperson of the Board Audit, Risk & Compliance Committee, if the CEO is the subject of the concern, or to the MEC for the Department of Economic Development and Tourism if a Board member is the subject of the suspicion.

2. Policy Objective and scope

- 2.1 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.

- 2.2 The 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.



WHISTLEBLOWING POLICY

2. Policy Objective and scope (continued)

2.3 Furthermore, the policy aims to:

- (i) 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
- (ii) Reassure employees that they will be protected from reprisals or victimisation for disclosures made in good faith.

2.4 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.

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

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

3. 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:

- (i) Ensure protection of employees who submit a disclosure in good faith and use the appropriate reporting channels provided by MEGA during the process;
- (ii) 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
- (iii) Promote zero tolerance for any criminal and other unethical or irregular conduct within MEGA.

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:

- (i) Cash and other assets, whether tangible or intangible
- (ii) MEGA property or personal property
- (iii) Receivables and other rights or claims against third parties
- (iv) Intellectual property rights
- (v) Facilities and the right to use MEGA's facilities
- (vi) MEGA's name; and
- (vii) 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.

WHISTLEBLOWING POLICY

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, Chief Risk Officer, Chief Internal Auditor, the Chairperson of the Board Audit, Risk & Compliance Committee 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 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.

6. Reporting channels

- 6.1 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.
- 6.2 As a first step, employees must raise concerns with their immediate manager and/or General Managers of the different Divisions. 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.
- 6.3 Concerns may be raised verbally or in writing. Employees who wish to make a written report are invited to use the following format:

(i)	The background and history of the concern (providing adequate information with relevant dates)
(ii)	The reason he/she are particularly concerned about the situation; and
(iii)	The extent to which he/she has personally witnessed or experienced the problem (provide documented evidence where possible).

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



WHISTLEBLOWING POLICY

7. Safeguards – harassment and victimisation

- 7.1 MEGA is committed to good practice and high standards and will be supportive of employees.
- 7.2 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.
- 7.3 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.
- 7.4 No employee will suffer harassment, retaliation or adverse employment consequences as a result of the submission in good faith of their disclosure.
- 7.5 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

- 8.1 Users of the Hotline can report their disclosures using any one of the following mediums of communication:

- Telephone: 0800701 701 toll free number
- Post: P.O. Box 5838, Nelspruit, 1200
- E-mail: ethics@mega.gov.za

- 8.2 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 NUMBERS	E-MAIL ADDRESS
CEO	(w) 013 755 6328	ceo@mega.gov.za
Chief Risk Officer	(w) 013 755 6328	ethics@mega.gov.za
Chief Internal Audit	(w)013 755 6328	ethics3@mega.gov.za
Chairperson of the Board Audit, Risk & Compliance Committee		ethics@mega.gov.za

- 8.3 Under normal circumstances, all reports will be sent to Nominee 1 as the primary recipient.
- 8.4 However, a relevant escalation process has also been defined for certain circumstances as follows:
 - (i) Should nominee 1 or 2 be implicated, the report is escalated to nominee 3.
 - (ii) Should nominee 3 be implicated the report is escalated to nominee 4.
- 8.5 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 Hotline to communicate his/her identity to MEGA.



WHISTLEBLOWING POLICY

9. How will MEGA respond?

- 9.1 MEGA will respond to all disclosures made.
- 9.2 MEGA will ensure the employees' protection if the disclosure is made in good faith.
- 9.3 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.
- 9.4 Where an investigation is appropriate, the matters raised will either:

- (i) Be investigated internally, or through the disciplinary process, or
- (ii) 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.

- 9.5 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.
- 9.6 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.
- 9.7 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.
- 9.8 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.
- 9.9 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

- 10.1 Violations or suspected violations may be submitted on a confidential basis by the informant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to enable the conducting of thorough investigations.
- 10.2 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.
- 10.3 Should the whistle-blower disclose his or her identity, MEGA will no longer be obliged to maintain such confidence.
- 10.4 Any documentation that was submitted to the Disciplinary Committee must also be kept confidential.



WHISTLEBLOWING POLICY

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 triennially and revised as needed.

13. Effective date

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

ANNEXURE



GOVERNANCE STRUCTURES



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.
- (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.



GOVERNANCE STRUCTURES

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.

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 co-opt other persons, for the purpose of assisting it with due and proper exercise and performance of any of its powers and functions, and may likewise dissolve, extend, enlarge or limit any committee so 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



GOVERNANCE STRUCTURES

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.

2.2 Human Resources & Remuneration Committee

The Human Resources and Remuneration Committee is comprised of five [5] Non-Executive Directors. The objectives of the Committee are to:

- (a) Oversee the development and implementation of a comprehensive Human Resources Strategy that supports the entity's values, vision, mission and aspirations.
- (b) Review the organization's Human Resource Policies and recommend same for Board approval.
- (c) Ensure that the organization has an effective organizational structure, and competitive human resources and practices.
- (d) Recommend for approval by the Board a system to monitor and measure organizational development and performance.
- (e) In collaboration with the Governance & Ethics Committee, make recommendations to the Board on the selection and appointment processes for the Chief Executive Officer.
- (f) Review at least annually, and recommend to the Board for approval, the CEO's compensation, based on the evaluation of the CEO's performance in light of corporate and individual objectives.



GOVERNANCE STRUCTURES

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.

2.4 Loans Committee

The Loans Committee is comprised of five [5] Non-Executive Directors. The objectives of the Committee are inter alia to:

- (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: 2019/20

1. **Projections of Revenue, Expenditure and Borrowings**

The projected revenue and expenditure for 2019/20 is summarised in the attached Operating Statement. In addition to the aforesaid, the following detailed budget calculations are attached:

- Combined MEGA. This is the aggregate of all the Divisions within MEGA;
- The following Divisions are included as part of the Divisional Plans:
 - Office of the Chief Executive Officer
 - Properties and Infrastructure
 - Funding (loans, equity investments and Government Nutrition Programme)
 - Corporate Services
 - Strategy and Communications and
 - Finance

2. **Assets and Liability Management**

The impact of the conditional grant to fund the disbursement of new loans is reflected in the attached Balance Sheet.

3. **Cash Flow Projections**

The cash flow implications of the 2019/20 budget are reflected in the attached Cash Flow Statement.



FINANCIAL PLAN: 2019/20

4. Capital Expenditure Programmes

The following capital expenditure items are included in the 2019/20 budget:

ITEM NO.	DESCRIPTION	AMOUNT R'000	COMMENTS
1.	Intangible assets - software	452	Acquisition of IT software and implementation of the ICT strategy.
2.	IT equipment	2 174	Purchase of laptops to replace old computer equipment. Laptops will also be purchased for the new recruits following the completion of the organisation realignment process.
3.	Office equipment	696	Replacement of the aging server and upgrading of the IT infrastructure.
TOTAL		3 322	

5. Infrastructure Plan

MEGA's involvement in infrastructure related projects can be summarised as follows:

- Development of the Mpumalanga International Fresh Produce Market and
- MEGA Properties' Turnaround Strategy.

A brief background of each initiative and the impact thereof on the 2019/20 budget is discussed in Sections 5.1 – 5.2 below.

5.1 Mpumalanga International Fresh Produce Market

The project is about the development of an international fresh produce market that will enable access of Mpumalanga large and small-scale farmers to world-class facilities for the trading of their fresh produce to local, regional, and international markets. The project consists of the following key components:

- Construction of the main market including associated enabling infrastructure and support facilities;
- Construction of Agri-hubs located strategically for the aggregation and collection of fresh produce from remote farmers, particularly small-scale farmers.
- Operation of the MIFPM and Agri-hubs to ensure financial sustainability of the market facilities and the Agri-hubs;
- Provision of critical support (production, supply chain & logistics, marketing etc.) to farmers that most need it, particularly small-scale farmers.

The operational status quo is as follows:

- The Project Management Unit (PMU) section is still to be established & operationalised
- Additional human resources ((Infrastructure Unit) as per the approved structure will be sourced as soon as the current moratorium on new appointments) has been lifted



FINANCIAL PLAN: 2019/20

5.1 Mpumalanga International Fresh Produce Market (continued)

The following items were taken into consideration during the compilation of the 2019/20 budget:

- MEGA is the implementing Agent and is consequently only entitled to the 5% commission payable on the value of construction related work undertaken.
- It was assumed that the R386 million needed for construction work during 2019/20 will be sourced from Government (DDET). Other infrastructure to be kept in abeyance for now. This includes physical infrastructure such as a bridge, bus-stop, and gates for phase 2 of the market.

5.2 Properties Turnaround Strategy

The approved MEGA Property Turnaround Strategy is supported by the recently crafted (but not yet approved) Property Management Policy & Procedures. The Strategy and Policy will assist in enforcing proper controls and property management protocols over the property portfolio, thus enhancing the integrity of the portfolio and rental collection (revenue stream).

The property turnaround strategy has four pillars, namely:

a) Revenue/Profitability Optimisation

- Align MEGA's rentals to market related rentals;
- Improve on revenue collections and
- Optimise operating costs.

b) Invest in the Portfolio

- Upgrade well positioned dilapidated properties;
- Prioritise the portfolio to achieve highest impact on local economic development and
- Identify and develop new properties

c) Build Internal Capacity

- Restructure the Property Division in line with best practice;
- Acquire critical skills : Employment of competent staff and training and
- Supplement internal capacity with external technical support where necessary.

d) Raise Investment Capital

- Solicit private sector partnerships;
- Partner with public sector DFI's and
- Create a Property Fund.

MEGA appointed a Panel of Strategic Development Partners to assist with the development of the following:

- Industrial Park developments at Ekandustria, Siyabuswa and KaBokweni;
- Residential developments;
- Student accommodation; (30% of output)
- Tekwane mixed-use development;
- Acquisition of the LEDA Bushbuckridge Property Portfolio and
- Commercialisation of Tourism Sites.

6. Dividend Policy

MEGA is a Government Business Enterprise classified as a Schedule 3D entity in terms of the Public Finance Management Act. As such MEGA has no dividend policy.



ANNEXURE

DETAILED BALANCED SCORECARD

ORGANISATIONAL BALANCED SCORECARD FOR 2019

FOCUS AREA | INVESTMENT

Strategic Goals	Strategic Objectives	Key Performance Indicators	Strategic Initiatives	Division	Baseline R'000	Targets R'000		
					2018/19	2019/20	2020/21	2021/22
#1 Increased implementation of suitable high impact investments opportunities in the province by injecting own funds	1.1 Investment preserved	% expenditure on the maintenance budget	Property maintenance	Properties	0	95%	95%	95%
		% increase in revenue collection (rental)	Increased own revenue generated	Properties	0	10%	10%	10%
		% increase in revenue collection (utilities)	Increased own revenue generated	Properties	0	10%	10%	10%
		Repayment rate on housing loan book	Improved loan collection	Funding	0	75%	80%	95%
		Repayment rate on agricultural loan book	Improved loan collection	Funding	0	55%	60%	65%
		Repayment rate on SMMEs loan book	Improved loan collection	Funding	0	50%	55%	60%
		Repayment rate on Co-ops loan book	Improved loan collection	Funding	0	50%	55%	60%
		Number of post investment support provided to funded businesses	Provision of post investment support to funded businesses	Funding	86	90	95	100



DETAILED BALANCED SCORECARD

ORGANISATIONAL BALANCED SCORECARD FOR 2019

FOCUS AREA | INVESTMENT

Strategic Goals	Strategic Objectives	Key Performance Indicators	Strategic Initiatives	Division	Baseline R'000	Targets R'000		
					2018/19	2019/20	2020/21	2021/22
#1 Increased implementation of suitable high impact investments opportunities in the province by injecting own funds	1.2 Investment growth	Value of loan disbursed	Grow the loan book	Funding	R20m	R28m	R35m	R45m
		Value of investment spent on infrastructure projects	Grow investment	Properties	0	R100m	R200m	R300m
		Value of investment spent on the property portfolio	Grow investment	Properties	0	R100m	R150m	R175m
		% increase in the occupancy of the property portfolio	Improved occupancy rate	Properties	0	55%	65%	70%
	2.1 Investment opportunities accessed through partner investors	Value of funding opportunities accessed for businesses through partnerships	Implement MEGA/ Standard Bank Fund	Funding	R10m	R40m	R80m	R125m
		Value of procurement from accredited SMMEs supplying Government Nutrition Programme	Implement Government Nutrition Programme	Funding	R15m	R50m	R80m	R135m
		Value of investment attracted into the property portfolio	Establish Strategic Development Partnerships	Properties	0	R400m	R500m	R550m
		Value of investment attracted into the infrastructure projects	Establish Strategic Development Partnerships	Properties	R650m	R300m	R500m	R600m
	2.2 Investment opportunities accessed from equity investments	Rand Value of Revenue Generated from Tekwane Citrus farm	Grow investment	Funding	R15m	R20m	R25.5m	R30m
	2.3 Investment attracted through trade and investment promotion	Value of signed agreements with investors through trade & Investment promotion	Trade and investment promotion	Strat & Comms	R600m	R700m	R800m	R900m
		Value of Investment Projects under facilitation	Trade and investment promotion	Strat & Comms	New	R300m	R500m	R600m

FOCUS AREA | EXPORT TRADE

#3 Increased access to export trade opportunities for MP companies	3.1 Key initiatives undertaken to position the Province in key markets	Number of planned key initiatives achieved to position the Province in key markets	Trade missions and exhibitions	Strat and Comms	2	9	9	9
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FOCUS AREA | ORGANISATIONAL SUSTAINABILITY

#4 Enhanced Organisational Sustainability	4.1 High Performing Organisation	% achieved on organisational performance targets	Improve Organisational Performance	Strat and Comms	75%	80%	85%	90%
		Organisational Culture	Shape Corporate Culture	Corporate Services	75%	80%	95%	95%
		Level of Employee Satisfaction	Boost Staff Morale	Corporate Services	60%	65%	70%	70%



DETAILED BALANCED SCORECARD

ORGANISATIONAL BALANCED SCORECARD FOR 2019

FOCUS AREA | ORGANISATIONAL SUSTAINABILITY CONTINUED)

Strategic Goals	Strategic Objectives	Key Performance Indicators	Strategic Initiatives	Division	Baseline R'000	Targets R'000			
						2018/19	2019/20	2020/21	2021/22
#4 Enhanced Organisational Sustainability	4.2 Improved Corporate Image of MEGA	% of implemented projects arising from Marketing Strategy and Branding Policy	Improved Corporate Image	Strat & Comms	70%	75%	80%	95%	
		% achieved on MEGA Brand and Reputation through surveys	Improve rating of MEGA Corporate Image	Strat & Comms	40%	60%	65%	80%	
		% rating on customer satisfaction survey	Improve rating of MEGA Corporate Image	Strat & Comms	75%	80%	85%	90%	
	4.3 Divisional initiatives undertaken to enhance Operational Excellence	Number of divisional initiatives achieved aimed at enhancing internal controls, processes and systems	Effective implementation of Internal controls, processes and systems	Support Divisions	0	21	21	21	
		Office of the CEO				0	8	8	8
		Corporate Services				0	5	5	5
		Finance				0	3	3	3
		Strategy & Communications				0	5	5	5

ANNEXURE

TECHNICAL INDICATOR DESCRIPTION

ANNEXURE J: TECHNICAL INDICATOR DESCRIPTION

FUNDING

Indicator Title	Repayment rate on loan book
Short definition	It is an increase in loan collection
Purpose definition	It measures how much of the outstanding arrears were collected regardless of the time of billing.
Source/collection of data	Information is derived from the loan management system reports and on financial reports such as management accounts, annual financial statements, PASTEL reports, etc.
Method of calculation	$\frac{\text{Amount collected}}{(\text{Debtors opening balance} + \text{Debtors closing balance}) / 2} \times 100$
Data limitations	None
Type of indicator	Measures output
Calculation type	Cumulative for the year
Reporting cycle	Quarterly
New indicator	No
Desired performance	An increase in debt collection
Indicator responsibility	General Manager: Funding

Indicator Title	Number of technical support provided to funded businesses
Short definition	It is the total number of post investment support which are being given to financed businesses
Purpose definition	To measure the number of post investment support that are given to funded businesses
Source/collection of data	Clients monitoring reports, monthly reports, non-financial support reports
Method of calculation	A tally of the number of support provided to clients
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 / non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	To meet the target set in respect of number of support provided to funded businesses
Indicator responsibility	General Manager: Funding



ANNEXURE J: TECHNICAL INDICATOR DESCRIPTION

FUNDING

Indicator Title	Value of Loans disbursed
Short definition	It is the total value of loans paid out to SMMEs, Agricultural Businesses, Cooperatives and Housing clients
Purpose definition	To measure value of financial support provided to SMMEs, Agricultural Businesses, Cooperatives and Housing clients
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 / non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	Increase in value in order to meet the target set in respect of investment projects
Indicator responsibility	General Managers: Funding

Indicator Title	Value of funding opportunities accessed for businesses through partnerships
Short definition	It is the total value of loan applications referred to funding partners for funding, such as Banks and other DFIs
Purpose definition	To measure the number of businesses that were provided access to funding through loan referrals
Source/collection of data	Email correspondences, submissions, letters of recommendations, loan applications, progress reports, etc.
Method of calculation	A tally of the value of applications referred for funding
Data limitations	Direct correspondence between clients and funding partners
Type of indicator	Measures output
Calculation type	Normal counting / non-cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	Increase in the number of applications referred to funding partners
Indicator responsibility	General Manager: Funding



ANNEXURE J: TECHNICAL INDICATOR DESCRIPTION

FUNDING

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

PROPERTIES AND INFRASTRUCTURE

Indicator Title	Percentage expenditure on the maintenance budget
Short definition	It is the total amount spent on maintenance
Purpose definition	It measures the actual amount spent on maintenance in relation to the total maintenance budget
Source/collection of data	Information is derived from the approved budget as well as financial reports such as management accounts, annual financial statements, PASTEL reports, etc.
Method of calculation	$\frac{\text{Total spent on maintenance}}{\text{Total maintenance budget}} \times 100$
Data limitations	None
Type of indicator	Measures output
Calculation type	Cumulative for the year
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	An increase on maintenance spending
Indicator responsibility	General Manager: Properties & Infrastructure



ANNEXURE J: TECHNICAL INDICATOR DESCRIPTION

PROPERTIES AND INFRASTRUCTURE

Indicator Title	Value of investment spent on infrastructure projects
Short definition	It is the total procurement value spent on infrastructure projects
Purpose definition	It measures the total funds spent towards the implementation of infrastructure projects such as the Mpumalanga International Fresh Produce Market, Nkomazi SEZ, etc.
Source/collection of data	Information is derived from management accounts and annual financial statements
Method of calculation	Recording of the total value of procurement spent on infrastructure projects as reflected in the financial reports
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 Manager: Properties & Infrastructure

Indicator Title	Value of investment spent on property portfolio
Short definition	It is the total value of expenditure incurred (during a period under review) on development projects approved by the Board for implementation by MEGA or other parties or by MEGA in partnership with other parties.
Purpose definition	It measures the total value of expenditure incurred on development / investment projects approved by the Board for implementation
Source/collection of data	Payment certificates and progress reports from project managers
Method of calculation	A total value of expenditure certified as reflected on the payment certificates or reports from project managers
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 achieve the targeted expenditure per reporting cycle and annually.
Indicator responsibility	General Manager: Properties & Infrastructure



ANNEXURE J: TECHNICAL INDICATOR DESCRIPTION

PROPERTIES AND INFRASTRUCTURE

Indicator Title	% increase in the occupancy of the property portfolio
Short definition	It is the total number of MEGA's properties available for occupation or lease to tenants versus the number of properties occupied
Purpose definition	It measures an increase in the number of properties occupied by tenants at any given financial year in relation to the actual number of properties occupied the previous financial year
Source/collection of data	Asset Register for MEGA's properties, Information Report from Property Management System, Contract Register
Method of calculation	Number of properties occupied in the current financial year / Number of properties occupied in the previous financial year multiplied by 100.
Data limitations	Registers not updated
Type of indicator	Measures output
Calculation type	Non-cumulative
Reporting cycle	Annually
New indicator	Yes
Desired performance	An increased performance desirable
Indicator responsibility	General Manager: Properties & Infrastructure

Indicator Title	Value of Investment Projects attracted into infrastructure projects
Short definition	The total value of investment attracted to the Nkomazi Special Economic Zone, Mpumalanga International Fresh Produce Market, Property Portfolio, and other projects.
Purpose definition	To measure the amount of investment sourced externally into the above-mentioned projects.
Source/collection of data	Letters of intent, Memorandums of Understanding, Memorandums of Agreements, confirmation letters, budget allocations from government, etc.
Method of calculation	Addition of the rand value of investment projects attracted as stipulated on the formal documents by investors and funders
Data limitations	No limitation
Type of indicator	Output
Calculation type	Normal addition / non-cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	Increase in investment values
Indicator responsibility	General Manager: Properties & Infrastructure



ANNEXURE J: TECHNICAL INDICATOR DESCRIPTION

STRATEGY AND COMMUNICATIONS

Indicator Title	Value of signed agreements with investors through trade & Investment promotion
Short definition	Investors attracted to fund investment projects
Purpose definition	This indicator measures the value of Foreign Direct Investment (FDI) and Local Direct Investment (LDI) projects facilitated into Mpumalanga Province by MEGA during the financial year in question.
Source/collection of data	Reports from engagements with funders, value reflected on agreements and or Investment facilitation MOU entered into between MEGA and the Project Owner
Method of calculation	Value as indicated by the investor, supported by initial project documentation and/or business plan.
Data limitations	Delays in receiving signed agreements
Type of indicator	Output
Calculation type	Simple count / non-cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	Increased facilitation of FDI and LDI into Mpumalanga Province
Indicator responsibility	General Manger: Strategy & Communications

Indicator Title	Value of Investment Projects at Implementation Stage in which MEGA renders non-financial services
Short definition	Value of investment projects that reached implementation stage, which are being provided with non-financial support
Purpose definition	This indicator measures the value of investment projects that reached implementation stage, which are being provided with non-financial support
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 value of projects that are at implementation stage, which are being provided with non-financial support
Data limitations	None
Type of indicator	Output
Calculation type	Simple count / non-cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	Increased value of investment projects under implementation
Indicator responsibility	General Manger: Strategy & Communications



ANNEXURE J: TECHNICAL INDICATOR DESCRIPTION

STRATEGY AND COMMUNICATIONS

Indicator Title	Number of International Business Forums Hosted
Short definition	To host international business forums 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 files
Method of calculation	Simple count per business forum hosted
Data limitations	None
Type of indicator	Outcome
Calculation type	Simple count / non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	Higher than targeted performance is desirable
Indicator responsibility	GM: Strategy & Communications

Indicator Title	Number of Outward Investment Missions Conducted
Short definition	Outward Investment missions conducted by MEGA's T&I Unit 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 in
Method of calculation	Simple count per event
Data limitations	None
Type of indicator	Outcome
Calculation type	Simple count / non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	Higher than targeted performance is desirable.
Indicator responsibility	GM: Strategy & Communications



ANNEXURE J: TECHNICAL INDICATOR DESCRIPTION

STRATEGY AND COMMUNICATIONS

Indicator Title	Number of Inward Trade and Investment Missions coordinated
Short definition	Inward Trade and Investment Missions coordinated by MEGA and / or client facilitated participation in such an event by MEGA during the reported financial year.
Purpose definition	To measure the number of Inward Trade and Investment Missions coordinated by MEGA and / or client facilitated participation in such an event by MEGA during the reported financial year.
Source/collection of data	Mission submission and report for MEGA coordinated or participation events.
Method of calculation	Simple count per event.
Data limitations	None
Type of indicator	Outcome
Calculation type	Simple count / non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	Target for period achieved
Indicator responsibility	GM: Strategy & Communications

Indicator Title	Number of Foreign Trade Exhibitions / Missions conducted
Short definition	Foreign trade exhibitions / missions undertaken by MEGA and / or client facilitated participation in such an event by MEGA during the reported financial year.
Purpose definition	To measure the number of foreign trade exhibitions / missions undertaken by MEGA and / or client facilitated participation in such an event by MEGA during the reported financial year.
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	Simple count / non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	Target for period achieved
Indicator responsibility	GM: Strategy & Communications



ANNEXURE J: TECHNICAL INDICATOR DESCRIPTION

STRATEGY AND COMMUNICATIONS

Indicator Title	Number of Local Trade Exhibitions Undertaken / Facilitated
Short definition	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	To measure the 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
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	Simple count / non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	Target for period achieved
Indicator responsibility	GM: Strategy & Communications

Indicator Title	Number of Investors assisted with business linkages and referrals
Short definition	Investor Assistance
Purpose definition	To record and monitor the number of investment enquiries and engagements with potential investors in Mpumalanga Province undertaken by Investment Promotion Unit during the period.
Source/collection of data	The assistance rendered will be demonstrated through files, reports, emails, attendance registers and applications during the reported period. Internally generated documents are to be included as verified basis for investors provided with business linkages and referrals
Method of calculation	Simple count per event
Data limitations	None
Type of indicator	Outcome
Calculation type	Simple Count/ Non-cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	Target for period achieved
Indicator responsibility	GM: Strategy & Communications



ANNEXURE J: TECHNICAL INDICATOR DESCRIPTION

STRATEGY AND COMMUNICATIONS

Indicator Title	Number of Investment and Trade Enquiries received as a result of MEGA's participation in Foreign Trade Exhibitions/ Missions and in Investment Promotion Missions
Short definition	Business Leads or Trade Enquiries generated from Foreign Trade Exhibitions/ Missions and in Investment Promotion Missions
Purpose definition	Measures the number of business leads or trade enquiries generated from Foreign Trade Exhibitions/ Missions and in Investment Promotion Missions
Source/collection of data	Inquiry forms, company profiles, business plans, financials, stakeholder engagement reports, email correspondences, etc.
Method of calculation	Simple count on investment or trade enquiries from companies / investors / exporters that participated in Foreign Trade Exhibitions/ Missions and in Investment Promotion Missions
Data limitations	None
Type of indicator	Outcome
Calculation type	Simple count / non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	Target for period achieved
Indicator responsibility	GM: Strategy & Communications

Title	Number of Exporters provided with Foreign Trade Counselling and Support
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 / Importance	Foreign Trade is a complex and specialized 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 customized Client Relationship Management (CRM) system for the Trade and Investment Promotion Division could mitigate the data limitations
Indicator Type	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



ANNEXURE J: TECHNICAL INDICATOR DESCRIPTION

STRATEGY AND COMMUNICATIONS

Title	Number of Exporter Training Workshops conducted in Mpumalanga
Definition	National Exporter Development Program (NEDP) and any other Mpumalanga based workshops, seminars or briefing sessions designed to impart foreign trade related information and skills aimed to increase exports, particularly of those products and services that add value and contribute to employment. These events are undertaken with partners such as the dti and other foreign Trade Promotion Organizations.
Purpose / Importance	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
Indicator Type	Output
Calculation Type	Cumulative – for the year
Reporting Cycle	Quarterly
New Indicator	No
Desired Performance	Target for period achieved
Indicator Responsibility	GM: Strategy & Communications

Title	% achieved on organisational performance targets
Definition	High performing organisation
Purpose / Importance	To measure organisational performance
Source / Collection of Data	Quarterly Reports and Annual Report
Method of Calculation	Consolidation of divisional performance
Data Limitations	Inadequate portfolio of evidence to support reported achievement
Indicator Type	Outcome
Calculation Type	Non-cumulative
Reporting Cycle	Annually
New Indicator	Yes
Desired Performance	Higher outcome than planned desirable
Indicator Responsibility	GM: Strategy & Communications



ANNEXURE J: TECHNICAL INDICATOR DESCRIPTION

STRATEGY AND COMMUNICATIONS

Title	Number of Organisational Performance Reporting Plans developed
Definition	Performance reports compiled and submitted to stakeholders: APP, Annual Report and Quarterly Reports
Purpose / Importance	To ensure accountability
Source / Collection of Data	Quarterly Reports, APPs, Annual Reports and Ad hoc Reports
Method of Calculation	Simple count on the reports compiled and submitted to stakeholders
Data Limitations	None
Indicator Type	Output
Calculation Type	Cumulative
Reporting Cycle	Quarterly
New Indicator	No
Desired Performance	Improved transparency and accountability
Indicator Responsibility	GM: Strategy & Communications

Title	Number business process mapping projects completed
Definition	Number of divisional business processes identified and documented (mapped)
Purpose / Importance	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
Indicator Type	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	GM: Strategy & Communications



ANNEXURE J: TECHNICAL INDICATOR DESCRIPTION

STRATEGY AND COMMUNICATIONS

Title	Number of divisions with standard operating procedures
Definition	Number of divisions whose standard operating procedures have been developed
Purpose / Importance	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 internal and external customers and adhere to the same. This indicator therefore measures the number of divisions whose standards operating procedures 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 Standard Operating Procedures 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.
Indicator Type	Output
Calculation Type	Non-cumulative
Reporting Cycle	Annually
New Indicator	No
Desired Performance	More targets achieved is desirable
Indicator Responsibility	GM: Strategy & Communications

Title	Number of reports produced to monitor and evaluate the mandate of the Organisation i.e. Internal M&E reports, Portfolio Committee reports, SCOPA reports & other reports required by Government
Definition	Monitoring & Evaluation reports produced
Purpose / Importance	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
Indicator Type	Output
Calculation Type	Non-cumulative
Reporting Cycle	Quarterly
New Indicator	Yes
Desired Performance	Improved transparency and accountability
Indicator Responsibility	GM: Strategy & Communications



ANNEXURE J: TECHNICAL INDICATOR DESCRIPTION

STRATEGY AND COMMUNICATIONS

Title	Number of independent assessments conducted to measure organisational performance
Definition	Conduct customer satisfaction survey
Purpose / Importance	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
Indicator Type	Output
Calculation Type	Non-cumulative
Reporting Cycle	Annually
New Indicator	Yes
Desired Performance	Improved rating on customer satisfaction survey
Indicator Responsibility	GM: Strategy & Communications

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



ANNEXURE J: TECHNICAL INDICATOR DESCRIPTION

STRATEGY AND COMMUNICATIONS

Title	% of implemented projects arising from Marketing Strategy and Branding Policy
Short definition	% achievement on the activities outlined in the marketing and branding strategies, policies and plans, including but not limited to exhibitions, launch, production and publication, branding, advertising, etc.
Purpose/importance	Measures the extent at which the unit achieves its plans in relation to the promotion of MEGA programmes and projects
Source/collection of data	Interaction with divisions within MEGA, Media Houses, MEGA clients and public
Data limitations	None
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	Continuous increase in MEGA Brand and Reputation
Indicator responsibility	GM: Strategy & Communications

Title	% Rating of MEGA Brand and Reputation Surveys
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 organisational surveys conducted
Method of Calculation	% achieved as per organisational surveys
Data Limitations	Poor participation by employees, clients and consumers
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



ANNEXURE J: TECHNICAL INDICATOR DESCRIPTION

STRATEGY AND COMMUNICATIONS

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 organisational surveys conducted
Method of Calculation	% achieved as per organisational 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

Title	Audit opinion expressed by Auditor-General
Short Definition	Improvement in audit outcomes
Purpose /Importance	The indicator measure the outcome of the regulatory audit
Source / Collection of data	Audit Report
Method of calculation	Annual Audit outcome
Data limitation	No limitation
Types of indicator	Outcome
Calculation types	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



ANNEXURE J: TECHNICAL INDICATOR DESCRIPTION

STRATEGY AND COMMUNICATIONS

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 /Importance	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 limitation	User departments may not communicate amendments to assets or actions taken that may expose MEGA thus affecting the status of the assets
Types of indicator	Output
Calculation types	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

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



ANNEXURE J: TECHNICAL INDICATOR DESCRIPTION

CORPORATE SERVICES

Title	% rating on customer satisfaction survey
Definition	Implementation of Performance Management System
Purpose / Importance	To measure progress on the implementation of the Performance Management System
Source / Collection of Data	Progress Reports, Performance Assessment Reports
Method of Calculation	Weightings on milestones achieved base on the PMS implementation schedule / plan
Data Limitations	None
Indicator Type	Output
Calculation Type	Cumulative
Reporting Cycle	Quarterly
New Indicator	No
Desired Performance	Higher than targeted performance is desirable.
Indicator Responsibility	GM: Corporate Services

Title	Organisational Culture Index
Definition	Improved Organisational Culture
Purpose / Importance	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
Indicator Type	Output
Calculation Type	Non-Cumulative
Reporting Cycle	Annually
New Indicator	Yes
Desired Performance	Improved Organisational Culture
Indicator Responsibility	GM: Corporate Services



ANNEXURE J: TECHNICAL INDICATOR DESCRIPTION

CORPORATE SERVICES

Title	Level of Employee Satisfaction
Definition	Improved Employee Morale
Purpose / Importance	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
Indicator Type	Output
Calculation Type	Non-Cumulative
Reporting Cycle	Annually
New Indicator	Yes
Desired Performance	Improved employee morale
Indicator Responsibility	GM: Corporate Services

Title	% of implemented projects arising from the ICT Strategy
Definition	Implement efficient IT Governance Framework
Purpose/ Importance	Develop and implement a fully integrated IT systems to support business processes
Source / Collection of data	IT Committee reports, IT Governance quarterly reports, ICT Strategy, ICT Plan
Method of Calculation	Copy of the ICT Strategy, List of elements in the Strategy or Plan targeted for implementing within specific time frames
Data Limitations	None
Indicator Type	Output
Calculation Type	Non-cumulative
Reporting cycle	Quarterly
New Indicator	Yes
Desired Performance	Higher % than targeted desirable
Indicator Responsibility	General Manager: Corporate Services



ANNEXURE J: TECHNICAL INDICATOR DESCRIPTION

CORPORATE SERVICES

Title	% achievement of ICT systems uptime
Definition	Availability of ICT systems at all times
Purpose/Importance	To provide an effective ICT systems plan to support the business
Source / collection of data	ICT testing reports
Method of Calculation	Simple count of tests conducted per quarter
Data Limitations	None
Indicator Type	Output
Calculation Type	Non-Cumulative
Reporting cycle	Quarterly
New Indicator	Yes
Desired Performance	Higher % than targeted desirable
Indicator Responsibility	General Manager: Corporate Services

Title	Mitigation of strategic risks
Definition	% strategic risks mitigated through the implementation of risk treatment (mitigation) plans maximizing the ability to achieve set objectives
Purpose /Importance	The indicator enables the organisation to have reasonable assurance that its strategic objectives will be met (all other factors remaining constant) as the risks identified as likely to impede the achievement of objectives are addressed through the implementation of risk mitigation (treatment) plans.
Source / Collection of data	Analysis of key risk indicators and key performance indicators as well as reports from Divisions on the implementation of risk mitigation plans
Method of calculation	Total number of strategic risk mitigation plans implemented (per risk) in a given quarter as a percentage of risk mitigation plans committed
Data limitation	The effectiveness of the mitigation plans (controls) implemented has to be independently assured
Types of indicator	Output
Calculation types	Cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	All risk treatment plans to be implemented within the timeframes agreed upon in order to maximize the ability to meet set strategic objectives.
Indicator responsibility	Chief Risk Officer



ANNEXURE J: TECHNICAL INDICATOR DESCRIPTION

CORPORATE SERVICES

Title	Improvement in level of risk maturity
Definition	The indicator measures the level of improvement of the entity's risk management processes by measuring the degree of maturity on key risk maturity indicators based on the adopted best practice standards/models.
Purpose /Importance	The entity will be able to gauge its level of maturity in risk management relative to its set target and will also be better placed to address areas of improvement necessary for it to attain the desired level of maturity.
Source / Collection of data	Submission of relevant data/information on the organisation risk management process including responding to surveys/questionnaires designed to assess the risk maturity level. MEGA will then receive a report confirming its current maturity level and where applicable, the gaps identified to be addressed in order to facilitate improvement.
Method of calculation	Independent assessment as articulated above, with MEGA receiving a report confirming the maturity level.
Data limitation	The quality of the output from the surveys may be impacted by the degree of exposure and interest of those selected to participate.
Types of indicator	Output
Calculation types	Cumulative
Reporting cycle	Annual
New indicator	No
Desired performance	Continuous improvement in risk management processes
Indicator responsibility	Chief Risk Officer

OFFICE OF THE CEO

Title	Number of Board & Committees meetings held v/s planned
Short Definition	Board and Board Committees coordinated in line with the annual meeting schedule
Purpose /Importance	Measure the number of Board and Board Committees convened v/s planned
Source / Collection of data	Attendance Registers, Agendas, Minutes, Annual Meeting Schedules
Method of calculation	A simple count of all the meetings convened
Data limitation	None
Types of indicator	Output
Calculation types	Simple count / non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	Meetings convened in line with the annual meeting schedule
Indicator responsibility	Company Secretary



ANNEXURE J: TECHNICAL INDICATOR DESCRIPTION

OFFICE OF THE CEO

Title	Number of reviews performed on Shareholders Compact
Definition	Number of Shareholder's Compact reviewed and approved.
Purpose/ Importance	The indicator measures the extent to which MEGA complies with the requirement for the conclusion of a Compact with the Shareholder on an annual basis. The Shareholder's Compact itself is important because it outlines the Agency's commitment to an agreed level of performance against set objectives as agreed with the Shareholder.
Source / Collection of data	Corporate Plan and input from the Shareholder based on government priorities and policies
Method of Calculation	Simple count
Data Limitations	None
Indicator Type	Output
Calculation Type	Simple count / non-cumulative
Reporting cycle	Annually
New Indicator	No
Desired Performance	Planned target achieved within prescribed timeframes
Indicator Responsibility	Company Secretary

Title	Number of reviews performed Board Charter and Board Committees Terms of Reference
Definition	Reviews performed on the Board Charter and Board Committees Terms of Reference
Purpose/ Importance	The indicator measures the extent to which MEGA complies with the requirements of governing prescripts in relation to ensuring the existence of a Board Charter and Board Committees' Terms of Reference which sets out the roles and responsibilities of the Board and its Committees
Source / Collection of data	Board and Board Committees' Minutes, Resolutions and / or signed Board Charter and Board Committees Terms of References
Method of Calculation	Simple count
Data Limitations	No limitations
Indicator Type	Output
Calculation Type	Simple count / non-cumulative
Reporting cycle	Annually
New Indicator	No
Desired Performance	Planned targets achieved
Indicator Responsibility	Company Secretary



ANNEXURE J: TECHNICAL INDICATOR DESCRIPTION

OFFICE OF THE CEO

Title	Number of reports produced covering all matters relating to legal support
Short Definition	Reduction in the number of litigation cases
Purpose /Importance	Measure number of reports produced covering all matters relating to legal support, such as litigation cases, etc.
Source / Collection of data	Litigation reports compiled
Method of calculation	Simple count
Data limitation	None
Types of indicator	Output
Calculation types	Simple count / non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	Planned target achieved
Indicator responsibility	Company Secretariat

Title	Number of PFMA Compliance Checklists submitted to the Shareholder
Short Definition	PFMA Checklists compiled for submission to the Shareholder
Purpose /Importance	To track MEGA's compliance with the statutory provisions of the PFMA
Source / Collection of data	PFMA, Confirmation of compliance by user departments
Method of calculation	Actual number of PFMA Checklists completed and submitted
Data limitation	Dependent on accuracy of data provided by user departments
Types of indicator	Output
Calculation types	Simple count / non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	Planned targets achieved
Indicator responsibility	Company Secretary



ANNEXURE J: TECHNICAL INDICATOR DESCRIPTION

OFFICE OF THE CEO

Title	Three-year Rolling Plan and Annual Audit Plan
Short Definition	Number of 3year rolling plan and annual plans approved
Purpose /Importance	Determines if the Audit Plans are compiled and submitted to the Audit Committee for approval
Source / Collection of data	Audit Plans, Minutes and resolutions of the Audit Committee
Method of calculation	Simple count of the number of plans developed and approved
Data limitation	No limitation
Types of indicator	Output
Calculation types	Simple count /non-cumulative
Reporting cycle	Annually
New indicator	No
Desired performance	Planned targets achieved
Indicator responsibility	Head: Internal Audit

Title	Number of Audit Committee Reports compiled for inclusion in the Annual Report
Short Definition	Internal Audit Reports submitted and adopted by the Audit Committee outlining progress made in the implementation of the Audit Plans
Purpose /Importance	Determines if the Audit Plans are implemented
Source / Collection of data	Audit Reports, Minutes and resolutions of the Audit Committee
Method of calculation	Simple count of the number of reports and submitted to the Audit Committee
Data limitation	No limitation
Types of indicator	Output
Calculation types	Simple count /non-cumulative
Reporting cycle	Annually
New indicator	No
Desired performance	Planned targets achieved
Indicator responsibility	Head: Internal Audit

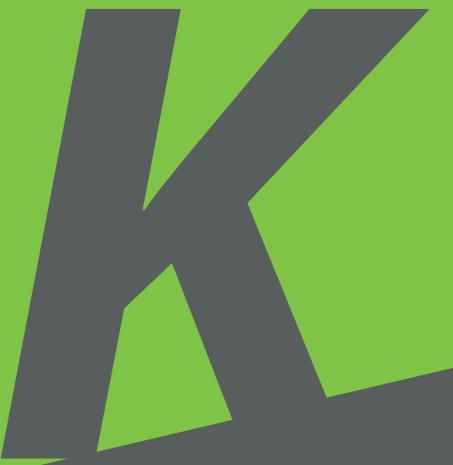


ANNEXURE J: TECHNICAL INDICATOR DESCRIPTION

OFFICE OF THE CEO

Indicator Title	Level of implementation of three (3) year Internal Audit Plan
Short Definition	Percentage implementation of the Internal Audit plan measured on a quarterly basis
Purpose /Importance	To measure the extent to which the Internal Audit plan is implemented in order to assist management to accomplish the entity's objectives by bringing a systematic/disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
Source / Collection of data	Audit Reports, minutes and resolutions of the Audit Committee
Method of calculation	Actual counts of audit conducted in the quarter as a fraction of the audits planned for the quarter converted to a percentage
Data limitation	Late submission of management comments on draft reports
Types of indicator	Output
Calculation types	Cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	Planned targets achieved
Indicator responsibility	Head Internal Audit

ANNEXURE



REVISED STRATEGIC PLAN
FOR 2015 TO 2020

ANNEXURE



REVISED STRATEGIC PLAN FOR 2015 TO 2020

FOREWORD BY THE ACCOUNTING AUTHORITY

On behalf of the MEGA Board, I have pleasure in submitting the enclosed MEGA's Strategic Plan for the 2015-2020 Medium Term Strategic Framework (MTSF) electoral term. It reflects the alignment to the election manifesto of the governing party, including government priority outcomes, Mpumalanga Economic Growth and Development Path (MEGDP) and Vision 2030.

The Mpumalanga government considers MEGA a critical institution in the execution of its economic policy and is eager to see the institution stabilise, grow sustainably and deliver on its mandate.

In response to the responsibilities allocated to it by the provincial government, MEGA is repositioning itself with a primary role to foster the sustainable growth and development of Mpumalanga economy by attracting, facilitating and maximizing the development impact of investment in the province.

This strategic shift aims at creating a solid base which would see MEGA moving from an internally-focused, reactive and financially unsustainable institution to a capable, credible and resilient development finance institution using smart partnerships with the private sector, leveraging government ownership and optimising the utilisation of its assets to make meaningful socio-economic impact.

As the strategy has now been approved by the Board, the focus should be to ensure that the organisation is structured in a manner that supports the successful execution of this strategy. In addition, attention needs to be paid to implementing effective and reliable processes aligned to the strategy and the structure. The ultimate objective is to have the right skills in the right roles and a committed leadership team with a shared purpose in place.

Ms. S.P. Morgan (Company Secretary)

On behalf of the Board



ANNEXURE K: REVISED STRATEGIC PLAN FOR 2015 TO 2020

OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

Acting Chief Executive Officer

Ms. S.P. Morgan (Company Secretary)

On behalf of the Board

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02020

FOREWORD BY THE ACCOUNTING AUTHORITY

OFFICIAL SIGN-OFF

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PART

STRATEGIC OVERVIEW

PART A: STRATEGIC OVERVIEW

1. VISION

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

2. 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. VALUES

Our central principles and beliefs that guide our attitudes, character, choices and actions are:

- 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:

- **Home Buyers:** Building loan, purchase of a vacant stand, house improvement loan and purchase of an existing house
- **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.



PART A: STRATEGIC OVERVIEW

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)

7. REVISION TO LEGISLATIVE AND OTHER MANDATES

7.1 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.

7.2 Legislative Mandates

7.2.1 MEGA Act 1 of 2010: Par.3-4

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. 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.



PART A: STRATEGIC OVERVIEW

7.2.2 Public Finance Management Act No 1 of 1999

MEGA is listed and registered as a schedule 3(d) entity by virtue of being the successor in title of MEGA Act 4 of 2005. 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
- The provision of responsibilities of persons entrusted with financial management in the organisation.

7.2.3 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 Individual's 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 re-structuring and debt counseling services for over-indebted clients (a risk highlighted in programme 4 below)
- Establishing policies and standards relating to loans management and housing finance.
- Promoting a consistent enforcement framework relating to debt management.

7.2.4 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.

7.2.5 Housing Act No. 107 of 1997

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.



PART A: STRATEGIC OVERVIEW

7.2.6 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.

7.2.7 National Small Business Act No. 102 of 1996

The objective of the Act is to provide for the establishment of the National Small Business Council and the Ntsika Enterprise Promotion Agency; and to provide guidelines for organs of state in order to promote small businesses in the Republic. 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
- Customs and Excise Act No. 91 of 1964.



PART A: STRATEGIC OVERVIEW

7.3 Policy mandates

7.3.1 Medium Term Strategic Framework: Outcomes Delivery Agreement

This Medium Term Strategic Framework (MTSF) is Government's strategic plan for the 2015-2020 electoral term. It reflects the commitments made in the election manifesto of the governing party, including the commitment to implement the NDP. The MTSF sets out the actions Government will take and targets to be achieved. It also provides a framework for the other plans of national, provincial and local government.

The MTSF is structured around 14 priority outcomes which cover the focus areas identified in the NDP and Government's electoral mandate. These are made up of the 12 outcomes which were the focus of the 2009-2014 administration, as well as two new outcomes (social protection, nation-building and social cohesion).

A summary of each of these 14 outcomes is provided below:

•	Outcome 1:	Improved quality of basic education
•	Outcome 2:	A long and healthy life for all South Africans
•	Outcome 3:	All people in South Africa are and feel safe
•	Outcome 4:	Decent employment through inclusive economic growth
•	Outcome 5:	A skilled and capable workforce to support an inclusive growth path
•	Outcome 6:	An efficient, competitive and responsive economic infrastructure network
•	Outcome 7:	Vibrant, equitable and sustainable rural communities with food security for all
•	Outcome 8:	Create sustainable human settlements and improved quality of household life
•	Outcome 9:	A responsive, accountable, effective & efficient local government system
•	Outcome 11:	Create a better South Africa and contribute to a better and safer Africa in a better World
•	Outcome 10:	Environmental assets and natural resources that are well protected and continually enhanced.
•	Outcome 12:	An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship
•	Outcome 13:	An inclusive and responsive social protection system
•	Outcome 14:	Nation Building and Social Cohesion



PART A: STRATEGIC OVERVIEW

MEGAs programmes are aligned to the following outcomes:

(a) **Outcome 4: Decent employment through inclusive growth**

- Output 1: Faster and sustainable inclusive growth
 - Sub-output 7: Agreement with social partners to promote the goal of decent work through inclusive growth and strengthened implementation of the Framework Response to the International Economic Crisis
- Output 2 - More labour absorption growth
 - Sub-output 1: Increased financing for industrial development
 - Sub-Output 5: Green Economy
- Output 4: Increased competitiveness, to raise net exports, grow trade as a share of world trade and improve its composition
- Output 6: Improved support to small business and cooperatives
 - Sub-output 1: Reduced constraints and improved support to SMMEs and co-ops

(b) **Outcome 6: An efficient, competitive and responsive economic infrastructure network.**

- Sub-outcome 2: Reliable generation, transmission and distribution of energy ensured
 - Strategic integrated project (SIP) 8: Green energy in support of the South African economy - Support sustainable green energy initiatives on a national scale through a diverse range of clean energy options as envisaged in the Integrated Resource Plan (IRP2010) and support bio-fuel production facilities and the development of fuel cells.
- Sub-outcome 3: Maintenance, strategic expansion, operational efficiency, capacity and competitiveness of our transport infrastructure ensured
 - SIP 11: Agri-logistics and rural infrastructure - Improve investment in agricultural and rural infrastructure that supports expansion of production and employment, small-scale farming and rural development, including facilities for storage (silos, fresh-produce facilities, packing houses); transport links to main networks (rural roads, branch train-line, ports), and rural tourism infrastructure.
- Sub-outcome 5: Expansion, modernisation, access and affordability of our Information and communications infrastructure ensured

(c) **Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all**

- Sub-outcome 4: Smallholder producers' development and support (technical, financial, infrastructure) for agrarian transformation
 - Provide support to smallholder producers in order to ensure production efficiencies

(d) **Outcome 8: Sustainable human settlements and improved quality of household life.**

- Sub-Outcome 1: Adequate housing and improved quality living environments
 - Provide support for economic development in identified hubs, nodes and linkages to be developed in historical black townships (and where identified in new developments)
- Sub-Outcome 02: A functionally equitable residential property market
 - Diversify finance options and products for the affordable gap market in particular



PART A: STRATEGIC OVERVIEW

MEGAs programmes are aligned to the following outcomes:

(e) **Outcome 12: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship**

- Sub-outcome 2: A public service that is a career of choice
 - Use assessment mechanisms to build confidence in recruitment processes
 - Develop mechanisms to help departments strengthen their internal HR capacity.
 - Support the appointment of youth into learnership, internship and artisan programmes
 - Review and improve the Senior Management Service Performance Management and Development System
 - Provide support to smallholder producers in order to ensure production efficiencies
- Sub-Outcome 4: Efficient and effective management and operations systems
 - Review, improve and support implementation of the service delivery improvement planning system
 - Implement operations management framework and methodology (Business processes mapped and or Standard Operating Procedures developed)
- Sub-Outcome 5: Procurement systems that deliver value for money
 - Differentiate between different forms of procurement to allow for strategic sourcing and different sourcing methodologies
 - Capacity building and professionalising supply chain management
 - Provide real-time operational support
 - Ensure effective and transparent oversight
 - Review and simplification of regulations and guidelines where necessary
- Sub-Outcome 8: Improved mechanisms to promote ethical behaviour in the public service
 - Strengthen implementation of Financial Disclosure Framework
 - Prohibit public servants from doing business with the state
 - Strengthen protection of whistle-blowers

Strategic Oriented Outcomes Mapped to the Millennium Development Goals (MDG)

- Millennium Development Goal 1: To reduce poverty around the world.
 - Target 1B of Goal 1 - achieve full and productive employment and decent work for all including women and young people. This target is directly linked to outcome 4 i.e. decent employment through inclusive growth.
- Millennium Development Goal 7: To ensure environmental sustainability.
 - Target 7D of Goal 1, i.e. achieve significant improvement in the lives of slum dwellers. This target is linked to outcome 8 i.e. sustainable human settlements, and improved quality of life for households.

4.3.2 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.



PART A: STRATEGIC OVERVIEW

4.3.2 Nine Point Plan

During his State of the Nation Address in Parliament, Cape Town in February 2015, President Jacob Zuma, among other things, announced the Nine-Point Plan to grow the economy and create much-needed jobs.

The Nine-Point Plan was a response to surmountable challenges affecting South Africa, which included: i. electricity challenges; ii. inadequate economic infrastructure in general; iii. unwieldy regulatory processes which delay investment; and iv. insufficient government coordination, which contributes to investor uncertainty.

In addition to the projected growth of 2% in 2015, the Nine-Point Plan could potentially accelerate the growth of the economy by 0.8% in the short term and 1% in the medium to long term.

These priorities, referred to as "Nine Point Plan", entails the following:

- i. Revitalisation of agriculture and agro-processing value chain;
- ii. Adding value to our mineral wealth (advancing beneficiation and support to the engineering and metals value chain);
- iii. More effective Implementation of higher impact Industrial Policy Action Plan;
- iv. Unlocking the potential of SMMEs, Co-ops and township enterprises;
- v. Operation Phakisa (Oceans Economy, Mining, Health, Tourism, Basic Education, etc.);
- vi. Encouraging private sector investment;
- vii. Resolving the energy challenge;
- viii. Moderating workplace conflicts; and
- ix. State reform and boosting the role of state-owned companies, information and communications technology infrastructure or broadband roll-out, water, sanitation and transport infrastructure

In response to the priorities mentioned above, MEGA has developed specific package of initiatives aligned to the Nine Point Plan and are designed to stimulate economic activity and achieve quantifiable development impact goals as outlined under paragraph 6 (Strategic Outcome Oriented Goals of the Institution).

4.3.3 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).



PART A: STRATEGIC OVERVIEW

4.3.4 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.

4.3.5 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 (DTI) is involved in the establishment of the Komatipoort Dry Port which has been designated as a special economic zone. The Port will provide an outlet for goods and products to foreign markets for businesses in the province and thereby increase foreign trade.

4.3.5 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.

4.4 Relevant court rulings

None.

4.5 Planned policy initiatives

None.

5 SITUATIONAL ANALYSIS

5.1 The External Environment

5.3.1 Global Economic Outlook

Growth in the world economy slipped below 3, 5% in 2012 and has remained at these rates since, betraying hopes of a prompt and robust recovery from the crisis. It appears to have recently worsened as a result of the slowing Chinese economy which has declined to 6.9% in the third quarter of 2015, making it the slowest Chinese economic growth since the 1980s. As a result, commodity prices have remained depressed and economic growth in many emerging markets that supply such commodities have suffered whilst advanced economies improved performance over the past two years, owing greatly to a sustained recovery in the United States.

With little evidence of an improvement in Chinese growth or a recovery in commodity prices imminent, it is likely that economic growth rates in emerging markets will remain subdued over the next couple of years. This in turn will impact negatively on global economic growth more generally.

The general assumption is that lower commodity prices are here to stay for a number of years. There is not much optimism of any revival in Chinese or global economic growth to an extent that might lift demand for commodities any time soon. Metals prices have been falling since 2011, the year China's growth peaked with the help of a massive stimulus package. Energy prices remained elevated until the second half of 2014, but then collapsed, catching up with metals.



PART A: STRATEGIC OVERVIEW

5.3.2 South African Economic Outlook

The SA economic outlook has worsened in the face of the fall in commodity prices and intensification of drought conditions. The South African Reserve Bank (SARB) revised its forecast for growth in South Africa to 1.3% in 2015 and only 0.9% in 2016.

Some of the factors impacting negatively on the domestic economic growth (GDP):

- Weak global demand resulted in low and volatile exports.
- World trade has slowed, hence commodity price assumptions down 37% in two years.
- Lack of business confidence causes dramatic contraction in fixed capital formation by the private sector.
- Concerns about employment prospects in the mining and manufacturing sectors.
- Drought conditions.

5.3.3 Mpumalanga Economic Outlook

The Mpumalanga province is home to 4.2million people and accounts for 7.8% of the South African population (Census, 2011). The province is endowed with rich and varied mineral resources and fertile soil that supports diverse farming and is ideally suited to carry out one of South Africa's key economic priorities, namely, that of adding value to raw materials through the development of a vibrant manufacturing sector.

Mpumalanga has a strong manufacturing sector, with internationally renowned companies such as Sasol (Synthetic fuels and chemicals), Columbus (Steel), etc. having large operations in the province. The province's rich agricultural produce is used by companies such as McCain, Nestlé and PepsiCo and there are also pulp and paper plants (Sappi and Mondi), fertiliser and textile manufacturing enterprises.

While the economic growth target was set at a minimum average annual GDP growth of 5%, the average annual economic growth rate for Mpumalanga has been 2.7% over the period 1995 to 2013, with mining industry growing only by 0.8% per annum for the same period.

The Provincial growth has been lower than national growth with the exception of 1995-1999. Before the recession at the end of 2008, the provincial growth rate was more than 4% per annum between 2005 and 2007. Post-recession, between 2009 and 2013, Mpumalanga's GDP growth was only 2.2% per annum.

In contrast, the national growth in the first 3 quarters of 2015 was very low and estimated figure for the whole year is 1.3%. The forecasted average annual GDP growth for Mpumalanga up to 2018 is projected to be less than 2% per annum and a forecast for the 2016 calendar year is projected to be less than 1% for South Africa and for the province.

5.3.4 Further Analysis of the External Environment

A further analysis of the external environment was done using the PESTEL framework (shown in diagram 1) in terms of which key external forces were identified and their potential impact on MEGA assessed.

The overall view from the PESTEL analysis is that the forces in the external environment are moderately negative (particularly in the political, economic and social landscape), relative to MEGA's mandate and vision although there may be opportunities related to areas such as technology and environment related forces.

The forces that impact on MEGA's business environment are present in the national, provincial and local spheres thus making it necessary to ensure that MEGA is both aware of these forces and that we proactively address these in a way that maximises the opportunities they present while also minimising, as far as possible, the impact of the threats they present.



PART A: STRATEGIC OVERVIEW

Diagram 1: Key external forces and uncertainties

FACTORS FINANCIAL RESOURCES	FACTORS LEGAL & REGULATORY
Description The current reality for MEGA is that of an unsustainable reliance on government funding and in order to turn this around, MEGA will need to implement a funding model which drastically reduces reliance on government funding.	Description Potential for continued ineffectiveness due to lack of clarity on definition of roles and responsibilities of the different agencies and provincial government departments Potential for increased reporting and compliance requirements
FACTORS SOCIAL	FACTORS POLITICAL
Description Threat of social instability due to high levels of unemployment, especially among the youth	Description Potential for political instability at national and provincial level
FACTORS ENVIRONMENTAL	FACTORS ECONOMIC
Description Opportunities for investment in "green" businesses and industries	Description Threat of persistent low levels of economic growth at national and provincial level
FACTORS TECHNOLOGY	
Description Opportunities for development and commercialisation of new technologies	

In addition to the PESTEL analysis, the external environment was analyzed to identify key opportunities and threats arising out of general business conditions.

The analysis is indicated in diagram 2 below:

Diagram 2: Key opportunities and threats

KEY OPPORTUNITIES	KEY THREATS
Infrastructure development by government Increased financial and service based businesses (ICT)	Social instability
Decline in contribution to provincial GDP by agriculture sector (scope for growth)	Lack of continuity (Board and Executive)
Development of Industrial Zones (Sasol in Secunda, Kusile, etc)	Reduction in government grant
Beneficiation (agro processing, forestry, mining and energy)	Unfavorable changes in legislation
Developing a comprehensive Provincial Investment Strategy in collaboration with government	
Cross border trade and investment opportunities	Break out of diseases which impact on exports
Partnerships with provincial & national government entities , private sector and international institutions	Economic downturn
Access to available government land for more impact on Housing, Agriculture and Property development	Weakening of the Rand
Technological Development – green houses to produce vegetables and fish, increased efficiencies	High fluctuation of interest rates
Investment in high growth areas, ICT (broadband) and commercial properties (shopping centres).	Adverse media coverage



PART A: STRATEGIC OVERVIEW

5.2 The Internal Environment

The analysis of the internal environment was done using the McKinsey 7S framework (shown in diagram 3). Seven critical success factors are assessed based on a score out of 10, where 10 represents best practice.

The organizational survey was intended as a brief survey intended to inform the discussion at the Executive Management Strategy session, rather than as a comprehensive analysis of the current reality of the organization. However, the views expressed were consistent with other more detailed discussions with the executive management team.

The Mpumalanga government considers MEGA a critical institution in the execution of its economic policy and is eager to see the institution stabilise, grow sustainably and deliver on its mandate. The provincial government intends to allocate additional responsibilities to MEGA related to the execution of the Mpumalanga Economic Growth and Development Path (MEGDP) and Vision 2030.

The Mpumalanga government adopted the following key resolutions that have a direct impact on MEGA:

- MEGA is required to focus on unlocking external funding from local and international investors and lenders for the implementation of critical social and economic infrastructure projects.
- The Provincial Treasury and MEGA should urgently develop a PPP Strategy and Model for the province.
- The building of the Fresh Produce Market should be priority in the new financial year. DARDLEA should urgently transfer all the necessary documentation to MEGA to allow for the implementation of this project.
- Under the leadership of The Office of The Premier, the province will undertake international missions to solicit partnerships for the implementation of critical projects. The delegation will comprise of representatives from MEGA, DEDT, and relevant provincial departments / municipalities.

In these circumstances, the role of MEGA becomes even more critical. The entity needs to leverage the resources at its disposal to stimulate economic growth in the province, thereby playing a leading role in stemming the triple challenges of unemployment, poverty and inequality.

Critical Success Factors

In order to achieve its strategic objectives, MEGA has to obtain the following critical success factors:

Diagram 3: Critical Success Factors

Diagram 3: Critical Success Factors

FACTORS | FINANCIAL RESOURCES

Description

The current reality for MEGA is that of an unsustainable reliance on government funding and in order to turn this around, MEGA will need to implement a funding model which drastically reduces reliance on government funding.

FACTORS | PROCESSES

Description

Processes are at the heart of the organisation's prospects for success given that they ensure that the workflow is more effective, efficient and capable of adapting to an ever-changing environment. MEGA will focus on this area to ensure that it builds strong capabilities to conduct feasibilities and structure investments, implement effective internal controls and ensure the effective utilisation of performance

FACTORS | RESEARCH

Description

MEGA will need to attract, develop and retain a high calibre of personnel to ensure successful implementation of the strategy.

FACTORS | STRUCTURE

Description

It will be critical for MEGA to ensure alignment between its strategy and the structure in order to ensure effective execution of the strategic plan.

FACTORS |

Description

MEGA's research and economic analysis capability will need to be strengthened to ensure achievement of the strategic objectives.

FACTORS | HUMAN CAPITAL

Description

MEGA will need to focus on building a common identity around a shared purpose, values, beliefs and principles.

FACTORS | ORGANISATIONAL CULTURE BRAND AND REPUTATION

Description

MEGA will need to implement a proactive brand development and stakeholder engagement strategy based on a compelling service offering and market positioning.

PART A: STRATEGIC OVERVIEW

Critical Success Factors (continued)

An additional analysis was done using the Value Chain framework, focusing on the value chain activities required in an investment institution such as MEGA (refer to diagrams 4 and 5). From a review of MEGA based on the Value Chain it is evident that the organization needs to develop the required capabilities for each of the primary and support activities. The overall view is that there are significant weaknesses at MEGA in terms of organizational readiness and performance. The organization will need to address these weaknesses in its journey to realizing its vision.

Diagram 4: Primary value chain activities in the investment process



Significant weaknesses at MEGA in terms of organizational readiness and performance are depicted in Diagram 5 below:

Diagram 5: Key strengths and weaknesses



PART A: STRATEGIC OVERVIEW

5.2 Description of the strategic planning process

The Strategic Plan was developed by considering the mandate of MEGA, as prescribed by Constitution, Acts as promulgated by the Legislature, policy mandates as outlined by the Premier in State of the Province Addresses, considerations and recommendations of oversight structures of government including the Portfolio Committee, Department for Economic Development and Tourism (DEDT), the National Treasury, the Provincial Treasury, the Audit Committee and the Auditor-General.

7 STRATEGIC OUTCOME ORIENTED GOALS OF THE INSTITUTION

STRATEGIC OUTCOME-ORIENTED GOAL	GOAL STATEMENT
1. Increased implementation of suitable high impact investments opportunities in the province by injecting own funds	Generate attractive investment opportunities in the province
2. Increased implementation of suitable high impact investments opportunities in the province by working closely with partner investors	Identify and attract suitable and qualified investors based on an attractive value proposition and attractive opportunities Facilitate investment into the province based on approved deals Maximize development impact of investments
3. Increased access to export trade opportunities for MP companies	Position the Province in key markets
4. Enhanced Organisational Sustainability	Build an enabling organizational culture to support the execution of the strategy Develop MEGA's capability to effectively execute all aspects of the investment value chain and fulfill its mandate Strengthen internal controls, systems and processes to ensure effective governance and risk management Develop and implement a funding model for the business that ensures long term financial sustainability Improve MEGA's corporate image towards being recognized as a capable, credible and resilient institution able to effectively execute on its mandate



MPUMALANGA RECORDED THE SIXTH HIGHEST/FOURTH LOWEST ANNUAL AVERAGE GDP GROWTH RATE IN THE 21-YEAR PERIOD. THE FORECASTED ANNUAL GROWTH RATES FOR SOUTH AFRICA AND MPUMALANGA ARE PROJECTED TO REMAIN LOW AND AVERAGE 1.5 PER CENT ANNUALLY BETWEEN 2017 AND 2022.



PART | B

STRATEGIC OBJECTIVES

PART B: STRATEGIC OBJECTIVES

The strategic objectives in the programmes below are the initiatives that will enable the achievement of the strategic goals outlined in part A of the Strategic Plan. The strategic objectives will drive performance and produce the expected deliverables for economic growth and development as mandated by the provincial government.

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

- Investment preserved.
- Investment growth.
- Investment opportunities accessed through partner investors.
- Investment attracted through trade and investment promotion.
- Key initiatives undertaken to position the Province in key markets.
- High Performing Organisation.
- Improved Corporate Image of MEGA.
- Enhanced Operational Excellence.
- Achieved Financial Sustainability.

7 PROGRAMMES

7.1 Programme 1: Office of the CEO

The Division is responsible for three main functions summarised below:

- Company Secretariat - The Unit provides 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 Services - The Unit provides legal support by ensuring that MEGA complies with all statutory and legislative compliance thereby enabling MEGA to deliver on its mandate.
- Internal Audit - 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.

The institutions that influence performance in this programme are the:

- National Department of Public Service and Administration
- National and Provincial Treasury
- The Auditor General of South Africa
- Department of Economic Development and Tourism
- Provincial Legislature
- Office of the Premier

PART B: STRATEGIC OBJECTIVES

7.1.1 Strategic Objectives

Strategic Objective 4.3	Divisional initiatives undertaken to enhance Operational Excellence
Objective statement	Strengthen organisational sustainability
5 year target	<ul style="list-style-type: none">• To provide 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• Provide effective internal audit function through a disciplined approach and undertaking root cause analysis to determine cultural weaknesses and recommend controls• Provide legal support by ensuring that MEGA complies with all statutory and legislative compliance
Indicator	<ul style="list-style-type: none">• Compliance to Code of Good Practice• Improvement in the effectiveness of internal control and governance• Compliance to statutory and legislative compliance
Baseline	<ul style="list-style-type: none">• Approved Board Charter and signed Shareholder's Compact• Approved 3 year rolling Internal Audit Plan
Justification	<ul style="list-style-type: none">• Board's activities are carried out in line with the PFMA requirements and the Code of Good Practice• Effective internal controls and systems• Ensuring compliance with all statutory and legislative compliance
Links	Systems

7.1.2 Resource considerations

Expenditure Trends

The budget for the programme has due to other sub-programmes being moved to other programmes, namely: strategy & planning, marketing & communication and risk management.

Trends in Key staff

One key position is vacant i.e. Manager: Legal Services.

Trends in the supply of key inputs

Legal Fees budget

Expenditure on legal services is expected to increase due to the need to deal with pressing legal issues such as registration of MEGAs properties as well as pending legal cases.



PART B: STRATEGIC OBJECTIVES

Risk management

MEGA has identified key risk areas in this programme that need to be managed and thus enabling the realisation of its strategic objectives.

RISK	MITIGATION
Non-compliance to good corporate governance	<ul style="list-style-type: none">Monitor compliance to good corporate governance; Regular training throughout the organization.
Non- compliance with legislation and organizational policies.	<ul style="list-style-type: none">Monitor compliance with governing legislation and policies.
Non-compliance to good corporate governance	<ul style="list-style-type: none">Monitor compliance to good corporate governance; Regular training throughout the organization.
Non- compliance with legislation and organizational policies.	<ul style="list-style-type: none">Monitor compliance with governing legislation and policies.
Recurring findings	<ul style="list-style-type: none">Consequence managementConsulting audit servicesEnforce compliance with laws and regulations
Slow implementation of AG, AC and IA recommendations	<ul style="list-style-type: none">Consequence managementEscalating to the CEOFollow-up reviewsCapacity buildingReview of policies and procedures
Co- sourcing of the IA function	<ul style="list-style-type: none">Centralizing the internal audit function

7.2 Programme 2 : Corporate Services

The Programme is comprised of the following sub programmes:

- Human Resources - the Unit renders a comprehensive integrated human resources development and management service to assist MEGA in achieving its corporate strategic objectives and goals.
- Information Communications Technology - the Unit renders a comprehensive information technology management service to assist MEGA in achieving its corporate strategic objectives and goals.
- Risk Management – the Unit promotes risk awareness while monitoring and overseeing the management of key risks facing the organisation in accordance with the Enterprise Risk Management (ERM) Framework
- Records Management – The unit is responsible for 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).



PART B: STRATEGIC OBJECTIVES

7.2.1 Strategic Objectives

Strategic Objective 4.1	High Performing Organisation
Objective statement	Develop and harness organisational capabilities to successfully execute strategy
5 year target	<ul style="list-style-type: none">• Build an enabling organizational culture to support the execution of the strategy• Develop MEGA's capability to effectively execute all aspects of the investment value chain and fulfill its mandate
Indicator	The following divisional performance achieved in percentage: <ul style="list-style-type: none">• Organisational Culture Index;• Level of Employee Satisfaction.
Baseline	Based on MEGA's Organisational Surveys Report conducted in 2018 whose results are reported in the 2017/18 Annual Report
Justification	High performing organisation
Links	Sub-Outcome 4: Efficient and effective management and operations systems

Strategic Objective 4.3	Divisional initiatives undertaken to enhance Operational Excellence
Objective statement	Strengthen organisational sustainability
5 year target	Strengthen internal controls, systems and processes to ensure effective governance and risk management
Indicator	The following divisional performance achieved in percentage: <ul style="list-style-type: none">• Implemented projects arising from the ICT Strategy;• ICT systems uptime;• Implementation of records management strategy;• Strategic risks mitigated; and• Improvement in risk maturity level.
Baseline	Based on MEGA's results are reported in the 2017/18 Annual Report
Justification	Improved operational excellence
Links	Sub-Outcome 4: Efficient and effective management and operations systems

7.2.2 Resource considerations

Expenditure Trends

The budget as from 2015/16 has decreased significantly when compared to the previous financial year since compensation of employees for the entire organisation, which was centrally located under corporate services, is now located in their respective divisions.

Trends in Key staff

Two key positions are vacant, namely: Manager: ERM and Manager: IT.



PART B: STRATEGIC OBJECTIVES

7.2.3 Risk management

MEGA has identified key risk areas in this programme that need to be managed and thus enabling the realisation of its strategic objectives.

RISK	MITIGATION
Inadequate skilled staff	Train staff and encourage them to study
High Vacancy rate	Finalise OD processes and fill critical vacant posts
Non alignment of two OD processes (MEGA and DEDT)	Engage with DEDT and align
Non-compliance to good corporate governance	<ul style="list-style-type: none">Monitor compliance to good corporate governance;Regular training throughout the organization.
Non- compliance with legislation and organizational policies.	Monitor compliance with governing legislation and policies.
Inadequate skilled staff	Train staff and encourage them to study
Weak culture of risk management	Implement risk management strategies

7.3 Programme 3: Finance

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.

It provides 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; and
- ensuring that the financial and accounting systems have absolute integrity.

7.3.1 Strategic Objectives

Strategic Objective 4.3	Divisional initiatives undertaken to enhance Operational Excellence
Objective statement	Strengthen organisational sustainability
5 year target	<ul style="list-style-type: none">Provide support through the planning and monitoring of budgets and expenditure, accounting and finance procurement systems
Indicator	<ul style="list-style-type: none">Improvement in audit outcomes% reduction in irregular expenditureUpdates performed on Fixed Asset Register
Baseline	Based on MEGA's results are reported in the 2017/18 Annual Report
Justification	Improved operational excellence
Links	Sub-Outcome 4: Efficient and effective management and operations systems



PART B: STRATEGIC OBJECTIVES

7.3.1 Strategic Objectives

Strategic Objective 4.4	Achieved Financial Sustainability
Objective statement	Achieve long-term financial sustainability
5 year target	Develop and implement a funding model for the business that reduces dependence on government grants and ensures long term financial sustainability
Indicator	Adjusted liquidity ratio
Baseline	Baseline still to be determined
Justification	Achieved Financial Sustainability
Links	Sub-Outcome 4: Efficient and effective management and operations systems

7.3.2 Resource considerations

Expenditure Trends

The budget for the programme is R 140 591 349 in 2015/16 and R 140 678 428.

Trends in Key staff

The position of the Finance Manager is vacant.

Trends in the supply of key inputs

Goods and services budget

Expenditure on goods and services consists of amongst others insurance, AG Fees, Lease Equipment, Water & Electricity, Professional fees, etc.

Capital expenditure budget

Expenditure on capital goods is expected to increase at an annual average of 9% per annum.

7.1.2 Risk management

MEGA has identified key risk areas in this programme that need to be managed and thus enabling the realisation of its strategic objectives.

RISK	MITIGATION
Divisional OD realignment	Careful monitoring and management, additional support for 2015/16 audit
Reduction in Grant Funding	<ul style="list-style-type: none">• Improve collections, improve cash management• Source additional funding
Insurability of MEGA property portfolio	<ul style="list-style-type: none">• Implement risk management strategies, e.g. Fire hazards and tenant liability insurance• Availability of lease agreement with clear indication of type of business conducted in the MEGA premises



PART B: STRATEGIC OBJECTIVES

7.4 Programme 4: Strategy & Communications

PROGRAMME GOAL

The Division is responsible for four main functions, namely, strategy and planning, marketing and communication, knowledge management and trade & investment promotion.

- Corporate Strategy - the Unit is responsible for ensuring that the corporate strategy is reflected in a corporate plan and in divisional plans, which guide resource allocation and key decisions aimed at ensuring that the entity is achieving its purpose of fostering the sustainable growth and development of the Mpumalanga economy.
- Marketing & Communication – the Unit coordinates communications efforts incorporating public and media relations, web design, graphic art, social media, publication development, and print and online content to deliver economic development information and corporate news in a timely manner
- Trade & Investment Promotion – the Unit promotes the Province as an Investment Destination and Foreign Trade and Logistics Hub, within various sectors and numerous industries

7.4.1 Strategic Objectives

Strategic Objective 2.3	Investment attracted through trade and investment promotion
Objective statement	Promotes the Province as an Investment Destination and Foreign Trade and Logistics Hub, within various sectors and numerous industries
5 year target	R 2.5 billion worth of investment
Indicator	Value of signed agreements with investors
Baseline	Based on MEGA's results are reported in the 2017/18 Annual Report
Justification	Secure funds available for investment by approved investors.
Links	This programme is linked to outcome 4 which aims at creating decent employment through inclusive economic growth

Strategic Objective 3.1	Increased access to export trade opportunities for MP companies
Objective statement	Rand Value of foreign and/or domestic sales as indicated by a MEGA client, including potential foreign and / or domestic sales assessed from a post exhibition assessment undertaken by MEGA, and resulting from ongoing MEGA assistance being rendered to the client during the reported financial year.
5 year target	Key initiatives undertaken to position the Province in key markets\
Indicator	<ul style="list-style-type: none">• Number of business support interventions facilitated• Number of companies assisted with business linkages• Number of international destination marketing activities implemented (Investment Promotion and Export)• Number of inward missions coordinated• Number of qualified leads generated in destination marketing platforms• Number of export training workshops conducted in Mpumalanga
Baseline	Based on MEGA's results are reported in the 2017/18 Annual Report
Justification	Secure funds available for investment by approved investors.
Links	This programme is linked to outcome 4 which aims at creating decent employment through inclusive economic growth



PART B: STRATEGIC OBJECTIVES

7.4.1 Strategic Objectives

Strategic Objective 4.1	High Performing Organisation
Objective statement	Develop and harness organisational capabilities to successfully execute strategy
5 year target	<ul style="list-style-type: none">• Develop MEGA's capability to effectively execute all aspects of the investment value chain and fulfill its mandate• Improve MEGA's corporate image towards being recognized as a capable, credible and resilient institution able to effectively execute on its mandate
Indicator	The following divisional performance achieved in percentage: <ul style="list-style-type: none">• Organisational Performance;• Rating of MEGA Brand and Reputation Surveys; and• Rating on customer satisfaction survey.
Baseline	Based on MEGA's Organisational Surveys Report conducted in 2018 whose results are reported in the 2017/18 Annual Report
Justification	High performing organisation
Links	Sub-Outcome 4: Efficient and effective management and operations systems
Strategic Objective 4.2	Improved Corporate Image of MEGA
Objective statement	Build the MEGA brand & reputation
5 year target	Improve MEGA's corporate image towards being recognized as a capable, credible and resilient institution able to effectively execute on its mandate
Indicator	The following divisional performance achieved in percentage: <ul style="list-style-type: none">• Rating of MEGA Brand and Reputation Surveys; and• Rating on customer satisfaction survey• Implemented projects arising from Marketing Strategy and Branding Policy
Baseline	Based on MEGA's Organisational Surveys Report conducted in 2018 whose results are reported in the 2017/18 Annual Report
Justification	Improve MEGA's corporate image
Links	Sub-Outcome 4: Efficient and effective management and operations systems
Strategic Objective 4.3	Divisional initiatives undertaken to enhance Operational Excellence
Objective statement	Strengthen organisational sustainability
5 year target	Strengthen internal controls, systems and processes to ensure effective governance and risk management
Indicator	<ul style="list-style-type: none">• Organisational Performance Reporting Plans developed i.e. APP, Annual Report and Quarterly Reports• Divisions with mapped business processes• Divisions with standard operating procedures• Reports produced to monitor and evaluate the mandate of the Organisation i.e. Internal M&E reports, Portfolio Committee reports, SCOPA reports & other reports required by Government• Independent assessments coordinated to measure organisational performance
Baseline	Based on MEGA's results are reported in the 2017/18 Annual Report
Justification	Improved operational excellence
Links	Sub-Outcome 4: Efficient and effective management and operations systems



PART B: STRATEGIC OBJECTIVES

7.4.2 Resource considerations

Expenditure Trends

The budget for the programme has increased as a result of incorporating three units which were initially located in other programmes.

Trends in Key staff

The position of the Manager: Marketing & Communication and Manager: Trade and Investment are vacant.

7.4.3 Risk management

This programme has identified the following risk areas that will affect the achievement of its two strategic objectives.

RISK	MITIGATION
Governance and Compliance: Failure of internal controls designed to ensure compliance with legislation and regulations	Build the policies, systems and processes necessary to ensure adherence to governance prescripts and monitor compliance
Loss of Information: Loss of information due to poor record keeping and inadequate Disaster Recovery Plan	Work with records management to ensure proper record keeping and identify alternative backups to store information
Governance and Compliance: Failure of internal controls designed to ensure compliance with legislation and regulations	Build the policies, systems and processes necessary to ensure adherence to governance prescripts and monitor compliance
Loss of Information: Loss of information due to poor record keeping and inadequate Disaster Recovery Plan	Work with records management to ensure proper record keeping and identify alternative backups to store information
Low appetite for investments due to the global economic downturn and national policy changes.	Trade and Investment promotion directed at fast growing BRIC markets – Increased Trade and Investment missions to targeted markets.
Lack of BEE exporting manufacturers - Lack of adequate support and funding for SMME manufacturers.	Provincial implementation of the National Exporter Development Program (NEDP)



MEGA HAS BEEN SPECIFICALLY MANDATED TO DRIVE GROWTH IN VARIOUS SECTORS OF THE PROVINCIAL ECONOMY AND THEREFORE PROVIDES OPPORTUNITIES TO THE CITIZENS OF MPUMALANGA



PART B: STRATEGIC OBJECTIVES

7.5 Programme 5: Property and Infrastructure

Purpose:

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

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

7.5.1 Strategic Objectives

Strategic Objective 1.1	Investment Preserved
Objective statement	Generate and facilitate the implementation of suitable high impact investment opportunities in the province
5 year target	<ul style="list-style-type: none">• Increase in revenue collected
Indicator	<ul style="list-style-type: none">• Value of investment preserved
Baseline	Based on MEGA's results are reported in the 2017/18 Annual Report
Justification	Increase revenue collected
Links	This programme is linked to outcome 4 which aims at creating decent employment through inclusive economic growth

Strategic Objective 1.2	Investment Growth
Objective statement	Generate and facilitate the implementation of suitable high impact investment opportunities in the province
5 year target	<ul style="list-style-type: none">• Investment projects implemented
Indicator	<ul style="list-style-type: none">• Value of investment growth
Baseline	Based on MEGA's results are reported in the 2017/18 Annual Report
Justification	Increased investment projects generated
Links	This programme is linked to outcome 4 which aims at creating decent employment through inclusive economic growth

Strategic Objective 2.1	Investment opportunities accessed through partner investors
Objective statement	Facilitate successful implementation of investment opportunities by working closely with partner investors
5 year target	<ul style="list-style-type: none">• Invest in property portfolio• Build infrastructure capabilities
Indicator	<ul style="list-style-type: none">• Value of investment attracted into the property portfolio• Value of investment attracted into infrastructure projects
Baseline	Based on MEGA's results are reported in the 2017/18 Annual Report
Justification	Successful implementation of investment projects
Links	This programme is linked to outcome 4 which aims at creating decent employment through inclusive economic growth



PART B: STRATEGIC OBJECTIVES

7.5.2 Resource considerations

Expenditure Trends

The budget for the 2016/17 financial year have increased due to conditional grants received to implement strategic initiatives.

7.5.3 Risk management

RISK	MITIGATION
Governance and Compliance: failure of internal controls designed to ensure compliance with legislation and regulations.	Build the policies, systems and processes necessary to ensure adherence to governance prescripts and monitor compliance.
Financial Sustainability: dependence on an unsustainable funding model.	Work with shareholder to develop and agree on a sustainable funding model that includes the utilisation of partnership funds to advance mandate objectives.
Human Capital: failure to attract, develop and retain quality human resources required to meet prescribed mandate.	Develop/implement a talent management strategy that comprehensively deals with the human capital requirements to implement the prescribed mandate.
Brand and reputation: damage to the reputation of the organisation.	Implement a proactive brand development and stakeholder engagement strategy based on a compelling service offering and market positioning.

7.6 Programme 6: Funding

PROGRAMME GOAL

The Programme is responsible for five main functions, namely, SMMEs and cooperatives finance, housing finance, agricultural finance, equity investments and regional networks.

The core purpose of the programme is outlined as follows:

- To provide access to affordable houses and to facilitate access to home ownership through the provision of finance to qualifying Mpumalanga citizens who are unable to obtain finance through the mainstream commercial system.
- To promote and facilitate growth and development by providing financial and non-financial support to Small, Medium and Micro Enterprises (SMME's) and Co-operatives in all prioritized sectors of the economy. Financial support is provided through loans, equity financing and facilitation of funding from other institutions.
- To provide non-financial support through the provision of services such as training, capacity-building, mentorship, counseling, market facilitation, linkages and organizational development. Some of these services may be provided in-house or out-sourced but internally managed.

7.6.1 Strategic Objectives

Strategic Objective 1.1	Investment Preserved
Objective statement	Generate and facilitate the implementation of suitable high impact investment opportunities in the province
5 year target	<ul style="list-style-type: none">• Improved repayment rates on loan book• Provide post investment support;• Massively grow loan advances;
Indicator	<ul style="list-style-type: none">• Repayment rates on loan book• Number of technical support provided to funded businesses• Value Loan disbursements
Baseline	Based on MEGA's results are reported in the 2017/18 Annual Report
Justification	Raise capital to fund the loan book
Links	This programme is linked to outcome 4 which aims at creating decent employment through inclusive economic growth



PART B: STRATEGIC OBJECTIVES

7.6.1 Strategic Objectives

Strategic Objective 1.2	Investment Growth
Objective statement	Generate and facilitate the implementation of suitable high impact investment opportunities in the province
5 year target	<ul style="list-style-type: none">• Massively grow loan advances
Indicator	<ul style="list-style-type: none">• Value Loan disbursements
Baseline	Based on MEGA's 2018/19 quarterly report
Justification	Grow the loan book
Links	This programme is linked to outcome 4 which aims at creating decent employment through inclusive economic growth
Strategic Objective 2.1	Investment Growth
Objective statement	Generate and facilitate the implementation of suitable high impact investment opportunities in the province
5 year target	<ul style="list-style-type: none">• Massively grow loan advances
Indicator	<ul style="list-style-type: none">• Value Loan disbursements
Baseline	Based on MEGA's 2018/19 quarterly report
Justification	Grow the loan book
Links	This programme is linked to outcome 4 which aims at creating decent employment through inclusive economic growth
Strategic Objective 2.1	Investment opportunities accessed through partner investors
Objective statement	Facilitate successful implementation of investment opportunities by working closely with partner investors
5 year target	<ul style="list-style-type: none">• Funding opportunities accessed for businesses through partnerships• Procurement from accredited SMMEs supplying the Government Nutrition Programme
Indicator	<ul style="list-style-type: none">• Value of funding opportunities accessed for businesses through partnerships• Value of procurement from accredited SMMEs supplying the Government Nutrition Programme
Baseline	Based on MEGA's results are reported in the 2017/18 Annual Report
Justification	Successful implementation of investment opportunities through partner investors
Links	This programme is linked to outcome 4 which aims at creating decent employment through inclusive economic growth
Strategic Objective 2.2	Investment opportunities accessed from equity investments
Objective statement	Restructure and attract private sector partners into equity investments
5 year target	Revenue Generated from equity investments
Indicator	Rand Value of Revenue Generated from Tekwane Citrus farm
Baseline	Based on MEGA's results are reported in the 2017/18 Annual Report
Justification	Turn equity investments into viable entities contributing to MEGA's financial sustainability
Links	This programme is linked to outcome 4 which aims at creating decent employment through inclusive economic growth



PART B: STRATEGIC OBJECTIVES

7.6.2 Resource considerations

Expenditure Trends

The budget for the 2016/17 financial year have increased due to conditional grants received to implement strategic initiatives.

Trends in Key staff

All vacant critical positions shall be filled in line with the current realignment process currently being implemented.

7.6.3 Risk management

RISK	MITIGATION
Poor loan recovery due to failure of startup businesses	Training of the beneficiaries. Provision of post funding support compliant to the BSM. Allocate a significant portion of the divisional budget to business deals with high success rate.
Insufficient budget allocation to fund high capital business deals like broiler contract grower businesses with high success rate.	Adopt an aggressive approach in our loan recovery strategy i.e. black-listing bad payers at Credit Bureau. Enter into agreements with other DFIs i.e. MoU on the co-funding of highly capitalized business deals.
Failure to achieve strategic objectives	Have a performance management system.
Insufficient non-financial support resources	Operational budget allocation
Inadequate debt recovery measure	Implement debt collection policy and procedures. Undertake consistent legal action on delinquent account
Repayment defaults	Pastel to produce monthly reports



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.





PART C

LINKS TO OTHER PLANS

PART C: LINKS TO OTHER PLANS

LINKS TO THE LONG-TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS

Project name	Programme	Municipality	Project description/ type of structure	Outputs	Estimated project cost	Expenditure to date (if any)	Project Duration	
							Start	End
1. 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
2. Nkomazi SEZ	Programme 5	Nkomazi Local Municipality	Installation of infrastructure and top structures	Operational SEZ	-	R 1 500 000	2018	2033
3 International Fresh Produce Market	Programme 5	Mbombela Local Municipality	Installation of infrastructure and top structures	Operational Fresh produce market	-	R 10 000 000	2016	2022
5. 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	-
6. Implement priority office	Programme 5	Mbombela Municipality (Ehlanzeni DM)	66 Anderson St & MEGA Offices	66 Anderson St & MEGA Offices completed	T.B.D	N/A	2016	-

THANK YOU



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