

2020/21

Corporate Plan



MEGA

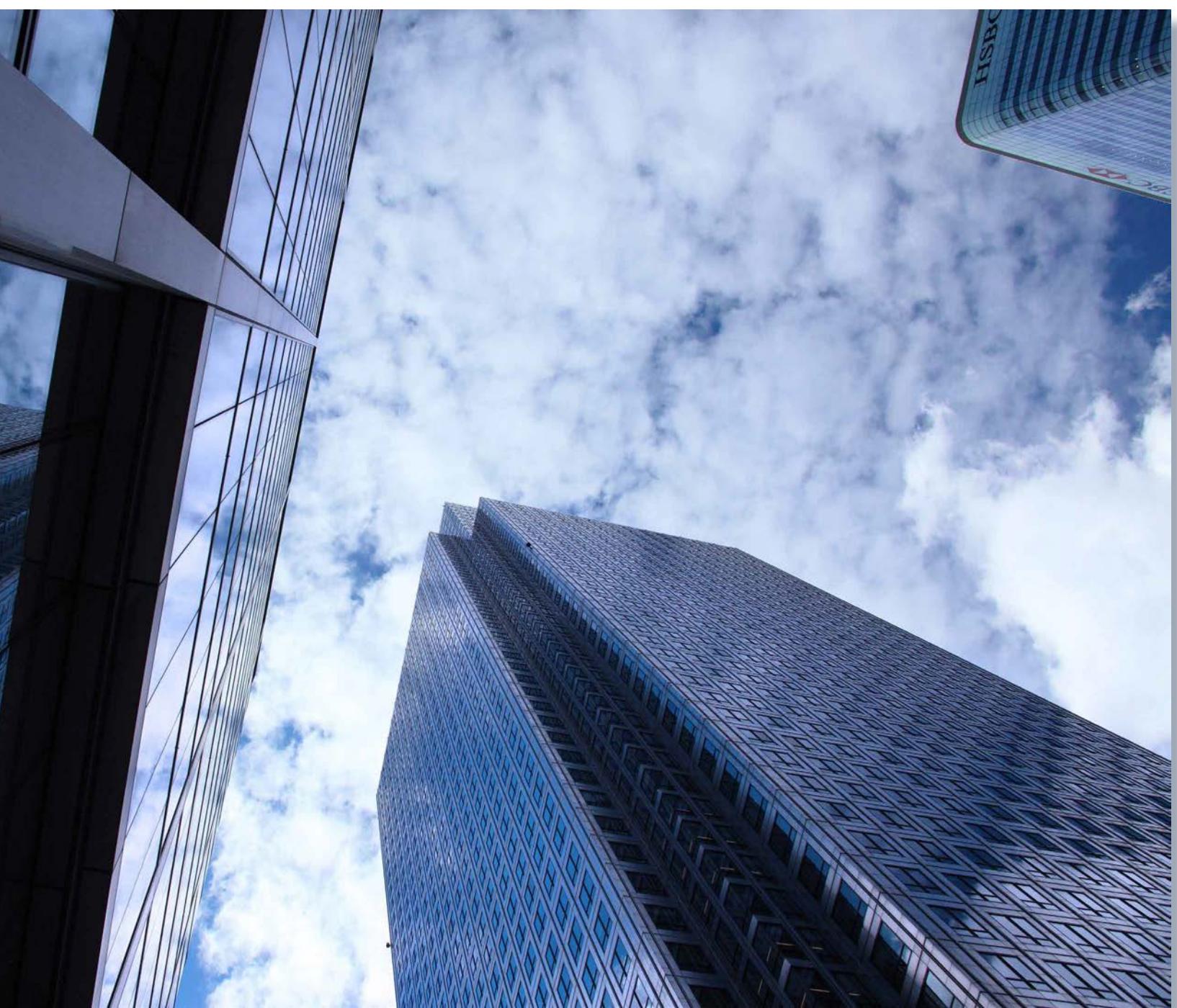


TABLE OF CONTENTS

| | |
|---|------------|
| 1. LEGISLATIVE MANDATE | 7 |
| 2. POLICY MANDATES | 9 |
| 3. INSTITUTIONAL POLICIES AND STRATEGIES | 16 |
| 4. UPDATED SITUATIONAL ANALYSIS | 25 |
| The External Environment | 25 |
| The Internal Environment | 26 |
| 5. OVERVIEW OF 2019 BUDGET AND MTEF ESTIMATES | 28 |
| 6. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION | 41 |
| Office of the CEO | 51 |
| Corporate Services | 57 |
| Finance | 65 |
| Strategy and Communications | 71 |
| Properties and Infrastructure | 87 |
| Funding | 101 |
| 7. LINKS TO THE LONG-TERM INFRASTRUCTURE | 111 |
| 8. VISION, MISSION AND VALUES | 113 |
| 9. TECHNICAL INDICATOR DESCRIPTORS | 115 |



“
MEGA's key objectives are 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.

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 to the Provincial Treasury.

MEGA's Corporate Plan for 2020/21 outlines the key strategies, performance measures and capabilities the entity will employ to meet its goals and missions. Following a decade of economic weakness, there are positive signs that the economy has begun to gain lost ground. The policy inertia and uncertainty that have constrained investment and confidence have begun to lift. The reconfiguration of Eskom is a major step in the broad reform of state-owned companies. MEGA's key objectives are 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.

MEGA continues its commitment to explore and strengthen its linkages between domestic and international multinational enterprises in agriculture, infrastructure development, tourism and investment to accelerate its objectives.

All initiatives outlined above will however, require adequate financial and human capital for MEGA to realise its long-term strategic goals.

A handwritten signature in black ink, appearing to read 'Mr. D.S. Mkhwazazi'.

Mr. D.S. Mkhwazazi
Chairperson of the Interim Board

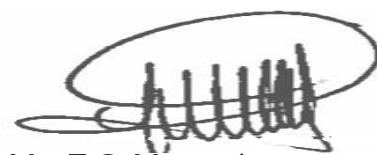
OFFICIAL SIGN OFF

It is here by certified that this Corporate Plan:

1. Was developed by management and the Board of the Mpumalanga Economic Growth Agency (MEGA) under the guidance of the Department of Economic Development and Tourism (DEDT);
2. Is aligned to the Mpumalanga MTSF 2019 - 2024 and the Presidential outcome-based priorities;
3. Takes into account all the relevant policies, legislation and other mandates for which MEGA is responsible for; and
4. Accurately reflects the performance targets which MEGA will endeavor to achieve given the resources made available in the budget for 2020/21.

Evert Potgieter

Mr. E.L. Potgieter
Chief Financial Officer



Ms. T.C. Mametja
Acting Chief Executive Officer



Ms. D. Ntshingila
Head Responsible of Planning



Mr. D.S. Mkhwazazi
Chairperson of the Interim Board

PART A

OUR MANDATE



“ 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.

1. LEGISLATIVE AND POLICY MANDATES

1.1 THE REGULATORY ENVIRONMENT

1.1 Constitutional Mandate

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.

1.2 LEGISLATIVE MANDATE

1.2.1 MEGA Act 1 of 2010:

MEGA's legal mandate in terms of Section 3 of the MEGA Act 1 of 2010, is articulated, inter alia:-

- i. To provide funding in respect of property development; approved enterprises; housing loans; and agricultural development; focusing primarily on previously disadvantaged individuals within the Province;
- ii. To focus on project management and development; and to manage immovable property;
- iii. 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;
- iv. In achieving its objectives, MEGA shall endeavor to progressively increase its own revenue generation and collection; and
- v. 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.

1.2.2 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:

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

1.2.3 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 Individuals within the province to adhere to the regulations in the Act some of which include:

- i. Promoting fair and non-discriminatory practices in the granting of loans;
- ii. Promoting black economic empowerment and ownership in its funded SMMEs and Cooperatives by applying fair credit and credit-marketing practices;
- iii. Promoting responsible credit granting by giving loans only to qualifying individuals;
- iv. Providing debt restructuring and debt counselling services for over-indebted clients;

National Credit Act No 34 of 2005 (Continued)

- v. Establishing policies and standards relating to loans management and housing finance; and
- vi. Promoting a consistent enforcement framework relating to debt management.

1.2.4 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.

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

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

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

1.2.6 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.

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

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

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

The above Acts are legislative mandates that place instrumental responsibilities on the board, executives and employees 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*:

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

The Acts are legislative mandates that place instrumental responsibilities on the board, executives and employees 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*:

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

1.3 POLICY MANDATES

1.3.1 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).

1.3.2 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:

- i. Increased employment by developing sectors with sustainable labour absorption potential;
- ii. Sustainable economic growth by developing sectors with high growth potential; and
- iii. 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 corporate plan and policies towards achieving the goals set out in the MEGDP.

1.3.3 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 small and large 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.

1.3.4 Special Economic Zone Act 16 of 2014

Special Economic Zones (SEZs) within South Africa are geographically designated areas of the country set aside for specifically targeted economic activities to promote national economic growth and export by using support measures to attract foreign and domestic investments and technology.

The SEZ Act seeks to provide for the designation, promotion, development, operation and management of Special Economic Zones; to provide for the establishment, appointment of members and functioning of the Special Economic Zones Advisory Board; to provide for the establishment of the Special Economic Zones Fund; to regulate the application, issuing, suspension, withdrawal and transfer of Special Economic Zones operator permits; to provide for functions of the Special Economic Zones operator; to provide for transitional arrangements; and to provide for matters connected therewith.

In 2015, the Mpumalanga provincial government 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.

The objectives of the Nkomazi SEZ programme are:

- i. To promote the mastery of targeted industrial capabilities within the framework of the IPAP, New Growth Path and the National Development Plan,
- ii. To promote beneficiation and value addition to the province's agricultural products, minerals and other natural resources,
- iii. To develop world-class infrastructure required to support the development of the targeted industrial activities,
- iv. To attract relevant foreign and domestic direct investment required to support the mastery of the targeted industrial capabilities,
- v. To accelerate economic growth and the creation of much needed jobs.

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 consultations with various stakeholders, the application was approved by national Cabinet on 5 December 2018.

MEGA has been appointed by DEDT to operationalise the Nkomazi SEZ which includes inter alia, the establishment of an SEZ Entity and all related processes leading to the appointment of the SEZ Operator and the actual development of the SEZ.

1.3.5 Medium Term Strategic Framework: Outcomes Delivery Agreement

The Medium-Term Strategic Framework (MTSF) is a high-level strategic document to guide the 5-year implementation and monitoring of the NDP 2030. In line with electoral mandate identifies the Priorities to be undertaken during 2019-2024 to put the country on a positive trajectory towards the achievement of the 2030 vision. It sets targets for implementation of the priorities and interventions for the 5-year period, and states the Outcomes and Indicators to be monitored.

The new MTSF is now defined as the combination of a NDP Five Year Implementation Plan for the Priorities outlined in the Electoral Mandate and an Integrated Monitoring Framework with more focus on a limited set of priorities.

The Seven Priorities derived from the Electoral Mandate are outlined below:

- i. Priority 1: Economic Transformation and Job Creation;
- ii. Priority 2: Education, Skills and Health;
- iii. Priority 3: Consolidating the Social Wage through Reliable and Quality Basic Services;
- iv. Priority 4: Spatial Integration, Human Settlements and Local Government;
- v. Priority 5: Social Cohesion;
- vi. Priority 6: A Capable, Ethical and Developmental State; and
- vii. Priority 7: A better Africa and World.

1.3.6 Mpumalanga MTSF 2019-2024

The Provincial MTSF 2019-2024 is developed in line with the Provincial Long-Term Plan: Mpumalanga Vision 2030 Implementation Framework (2013-2030) and the seven National Priorities.

1.3.6.1 MEGA's Contribution to the Mpumalanga MTSF 2019 – 2024 Targets

P1: Economic Transformation and Job Creation

| Outcome 4 | Decent employment through inclusive economic growth |
|----------------------------------|---|
| Impact/Outcome Targets | Reduce the percentage of poor road networks from 28% to 24% |
| Key Focus Area | Key Actions |
| Economy, Transformation and Jobs | <ul style="list-style-type: none">• Develop an investment promotion strategy that will ensure mobilisation of new investment and improve the level of industrialisation and participation of private sector.• Fast track implementation of the Nkomazi Special Economic Zone (SEZ) to create opportunity for investment and development of small businesses and cooperatives.• Revive and advance the possibility to operationalise the Highveld Steel Industrial Park.• Revitalise Ekandustria, Siyabuswa and other Industrial parks to generate revenue and expand SMME activities in order to create jobs.• Ensure local sourcing by government including construction and other local suppliers through Social Enterprise Development Programme (SEDP) in line with the national industrial programme.• Expand the Provincial industrial base by focusing mainly on targeted sectors that are labour intensive, promote beneficiation and value chain development such as Agriculture and Agro-processing; Mining; Creative Arts industry; Tourism and Infrastructure.• Commence with the first phase of the infrastructure for the Mpumalanga International Fresh Produce Market (MIFPM), which will be operationalise in the next financial year. The MIFPM remains a critical lever to stimulate increased agricultural production for both the domestic and export markets.• Play a role in the repositioning of all Public Entities (MEGA, MTPA, MER and MRTT) to achieve their competitive advantage.• Develop a solution-based approach aimed at stimulating economic activity in our townships and rural areas.•• |



P1: Economic Transformation and Job Creation

| Outcome 4 | Decent employment through inclusive economic growth |
|----------------------------------|--|
| Impact/Outcome Targets | Reduce the percentage of poor road networks from 28% to 24% |
| Economy, Transformation and Jobs | <p>The development and support for SMMEs is an apex priority and the following interventions will be fast tracked:</p> <ul style="list-style-type: none">Support development of SMMEs and Cooperatives through access to funding (e.g. Mpumalanga Enterprise Development Fund, MEGA loan funding).Continuously promote and ensure payment across the board within 30 days, especially SMMEs and ensure streamlining of payment processes in both local and provincial government. |

Cross Cutting: Mainstreaming

| Outcome 4 | Decent employment through inclusive economic growth |
|---|---|
| Impact/Outcome Targets | Increase economic empowerment opportunities for HDI, women, youth, military veterans and people with disabilities to – 70%, 45%, 30%, 2% and 2%, respectively. |
| HDI, Youth, Women, Military Veterans and People with Disabilities | <ul style="list-style-type: none">Ensure that all provincial government institutions, plan, budget and implement maintenance of infrastructure, maximise involvement of women, youth, local capacity as well as public employment programs. |

MEGA's Contribution to the Mpumalanga MTSF 2019 – 2024 Targets (Continued)

P6: A capable, ethical, developmental state in a social compact with citizens

| Outcome 12 | An efficient, effective and development oriented public service |
|--------------------------------|---|
| Impact/Outcome Targets | 10% reduction in corruption cases in public and private sector |
| Key Focus Area | Key Actions |
| Professionalize public service | <ul style="list-style-type: none">• Make tender and procurement system and processes more transparent, efficient and credible.• Resolve all disciplinary cases within 90 days.• Introduce the implementation of the King Code recommendations in the public service.• Develop programs that will professionalize public service, reskilling and improve organizational culture.• Develop and roll-out an Organisational Culture/ Change management Program as informed by the Batho-Pele principle.• Establish effective Business Models and Standard Operating Procedures (SOPs).• Accelerate building of right-sized and skilled public service by implementing the Regional Service Delivery Model.• Implement PRIME to ensure streamlined and integrated planning, research, information management, monitoring and evaluation across the Province.• Facilitate the institutionalization of research and evaluation system across Departments and Municipalities to evidence-based decision making.• Through HR departments across Government, strengthen compulsory training and induction for all public servants. |

P7: A better South Africa, Africa and the World

| Outcome 11 | A better South Africa, Africa and the World |
|-------------------------------|--|
| Impact/Outcome Targets | Increase opportunities for FDI in the Province from R600m (2018/19) to R1 billion by 2024 |
| Key Focus Area | Key Actions |
| Increase international trade | <ul style="list-style-type: none">• Develop and fast-track implementation of the International Relations Provincial Strategy for the African Continent in order to increase trade, exports and cultural activities to the Continent.• Forge partnerships with BRICS, the West and entire world. |

“

MEGA has been appointed by DEDT to operationalise the Nkomazi SEZ which includes inter alia, the establishment of an SEZ Entity and all related processes leading to the appointment of the SEZ Operator and the actual development of the SEZ.

1.3.7 Mpumalanga Vision 2030 Implementation Framework (2013-2030)

The Mpumalanga Vision 2030 (Mpu V2030) is the direct implementation response to the National Development Plan (Vision 2030). It is the Province's approach to realise the objectives of the NDP in the provincial context – in a simple & flexible representation of the substance & complexity of the development processes in the province.

The Mpumalanga Vision 2030 Objective is to:

- i. Introduce an approach to change in order to link capabilities to opportunities and employment;
- ii. Incorporate the establishment of focused & interlinked priorities. Three inter - related impact areas corresponding to NDP call for focus on "a few strategic priorities";
- iii. Ensure achievement of four socio economic outcomes, through key mechanisms that must be in place to facilitate the achievement of objectives; and
- iv. Mechanisms must build on the strong foundations of a safe and cohesive society and an honest and capable public service.

1.3.7.1 MEGA's Contribution to the Mpumalanga Vision 2030: Spatial Perspective

| Key Drivers | Infrastructure Projects | Preferred/Optimum Location |
|---|-------------------------------|--|
| Business, Commercial and Industrial Development | Establish Industrial Parks | Five Primary Nodes along N4 and N17-N2 Corridors |
| Agricultural Development | Regional Fresh Produce Market | Mbombela/ Komatipoort |
| | Dry Port SEZ/ Logistics Hub | Komatipoort |

1.4 MPUMALANGA VISION 2030 IMPLEMENTATION FRAMEWORK (2013-2030)

None.

1.5 PLANNED POLICY INITIATIVES

None.

1.6 INSTITUTIONAL POLICIES AND STRATEGIES FOR 5-YEAR PLANNING PERIOD

1.6.1 Description of the strategic planning process

The Strategic Plan development of the entity takes into consideration its mandate, corporate strategy, the Constitution of the Republic, policy mandates, government priorities as outlined by the Premier in the State of the Province Address, considerations and recommendations of oversight structures of government including Portfolio Committees, Treasury and the Auditor-General.

1.6.2 MEGA's Corporate Strategy

In 2015, a new Corporate Strategy was developed which was aimed to ensure long-term financial sustainability by reducing dependency on government grants; leveraging strategic partnerships with a range of investors in private sector and major development finance institutions; proactively generate and facilitate strategic high impact investments in the province; and build internal capacity (systems, processes, structure, people, culture, image) to successfully execute its mandate.

An organisational structure aligned to the 2015 strategy was developed and approved by the Board in 2016. The capacitation of the organisational structure commenced in 2016 and the final phase which pertained to a consultative process aimed at finding solutions for unplaced employees was put on hold by the shareholder in November 2018.

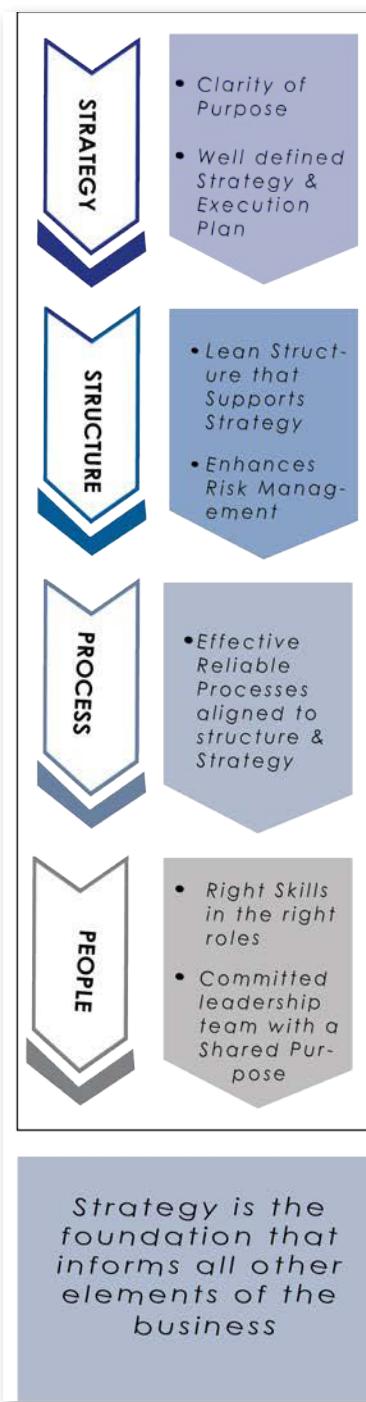
The Moratorium was lifted in August 2019 and the HR Board Committee approved the strategy in February 2020. Management will commence with placement of unplaced employees into the structure.

1.6.3 MEGA's Operating Model

During the Strategy review in 2015, an assessment was conducted internally to determine MEGA's capability to deliver on its mandate.

The assessment revealed that MEGA is an internally-focused, reactive, financially unsustainable institution spending the bulk of its available capital on operating costs and making limited impact in terms of investment and economic development. The results of the assessment necessitated the development of the Corporate Strategy that would enable MEGA to be 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.

Included in the Corporate Strategy are the following four elements of the Operating Model which requires focus in order to build an effective and sustainable MEGA:



1.6.4 Strategies for the five-year Planning period Outcome Oriented Goals

The entity's goals and objectives are cyclical, coincide with the five-year electoral cycle and linked to priorities government has set to achieve in the next five-year electoral cycle. The entity has identified the following as key strategic priority focus areas over the ensuing five-year term:

| MEGA Mandate (Focus Areas) | Strategic Goal | Key Performance Indicators |
|--|--|---|
| 1. funding in respect of property, business enterprise and agricultural development with a particular emphasis on Historically Disadvantaged Individuals | Increased participation in the economy by entrepreneurs and companies within the designated groups | Value of business loans approved |
| | | Value of loans disbursed to SMMEs |
| | | Value of housing loans approved |
| | | Value of housing loans disbursed |
| | | Number of businesses provided with post investment support |
| | | Number of housing clients provided with post investment support |
| | | Number equity investment monitoring reports |

| Baseline 2013/14 – 2018/19 | MTSF Targets 2019/20 – 2023/24 | Projects |
|---|---|---|
| R85.6 million business loans approved | R200 million business loans approved | Prioritise growing sectors in the economy |
| R 48.4 million disbursed to SMMEs and Co-operatives | R160 million business loans disbursed | Fund businesses in priority sectors to maximise economic growth and job creation |
| R21.5 million housing loans approved | R70 million housing loans approved | Pursue employer supported housing programmes |
| R9.7 million disbursed to housing clients | R60 million business loans disbursed | Fund housing loans |
| 550 businesses provided with post investment support | 450 businesses provided with post investment support | <ul style="list-style-type: none"> Business management support and training Monthly reviews on repayment |
| 314 housing clients provided with post investment support | 380 housing clients provided with post investment support | <ul style="list-style-type: none"> Ensure stop order facility is implemented Monthly reviews on repayment |
| New target | 20 equity investment monitoring reports developed | Formalise reporting structure |

Strategies for the five-year Planning period Outcome Oriented Goals (Continued)

| MEGA Mandate (Focus Areas) | Strategic Goal | Key Performance Indicators |
|--|---|--|
| 2. Deliver massive infrastructure, focusing on project management, property development and management of immovable property | Increased implementation of suitable high impact investments opportunities in the province | % progress in the construction of the Mpumalanga International Fresh Produce Market |
| | Increased attraction of suitable investors to the Province based on an attractive value proposition and attractive investment opportunities | Progress in the implementation of the Nkomazi SEZ Entity Value of revitalization funds approved by government and / or development finance institutions |
| | | Value of Strategic Development Partners' investment approved by the Board |

| Baseline 2013/14 – 2018/19 | MTSF Targets 2019/20 – 2023/24 | Projects |
|---|---|--|
| 95% completion of the enabling infrastructure and complete the construction of the market buildings | Complete the construction and operationalisation of the MIFPM | <ul style="list-style-type: none"> Project manage the construction of the MIFPM Operationalise the completed buildings on a phased basis Attract investments into the MIFPM precinct |
| <ul style="list-style-type: none"> Designation of the Nkomazi SEZ Appointed the SEZ Project Management Unit Township Establishment approved Registration of the company | An established and capacitated Nkomazi SEZ entity | <ul style="list-style-type: none"> Capacitate the SEZ Programme Management Unit Establish the SEZ entity and appoint its Board Develop the SEZ business plan Appoint an SEZ Operator Construction of Phase I |
| <ul style="list-style-type: none"> Phase I revitalization of Ekandustria completed Application for Phase II revitalization of Ekandustria submitted to the dtic | R2 billion received for the revitalization | Secure funds for the revitalisation of industrial parks from the dtic |
| A panel of Strategic Development Partners was appointed | Complete the revitalisation and / or construction of the seven identified development opportunities | <p>Through Strategic Development Partner(s), invest in the following development opportunities:</p> <ol style="list-style-type: none"> Kabokweni Shopping centre; Siyabuswa shopping centre; 66 Anderson street offices; 450 bed student accommodation; New shopping centre at Ekangala; Approximately 18 000 m² office building at Sonheuwel area; and Revitalisation of industrial parks |

Strategies for the five-year Planning period Outcome Oriented Goals (Continued)

| MEGA Mandate (Focus Areas) | Strategic Goal | Key Performance Indicators |
|---|---|--|
| 3. Promote trade and investment | <p>Increased attraction of suitable investors to the Province based on an attractive value proposition and attractive investment opportunities</p> <p>Increased access to export trade opportunities for Mpumalanga companies</p> | <p>Value of foreign and domestic investment attracted into the Province</p> <p>Number of exporters / importers provided with foreign trade counselling and support</p> |
| 4. Progressively increase revenue generation and collection | <p>Progressively increase own revenue generation and collection to achieve financial sustainability</p> | <p>Value of revenue generated through property portfolio</p> <p>Value of revenue generated through the loan book</p> |

| Baseline 2013/14 – 2018/19 | MTSF Targets 2019/20 – 2023/24 | Projects |
|---|--|---|
| Facilitated R600 million of foreign and domestic investment into the Province | Attract R1 billion of foreign and domestic investment into the Province | <ul style="list-style-type: none"> Identify potential investors to match with specific projects Sign agreements based on specific/ identified projects Establish a One-Stop Shop Investment Hub in the Province to assist investors with various requirements |
| A total of 146 exporters were provided with foreign trade counselling and support | 650 exporters / importers provided with foreign trade counselling and support | <ul style="list-style-type: none"> Conduct research to match local businesses with foreign partners Assist local exporters with foreign trade counselling and support Conduct Inward and outward missions Facilitate access to exporter assistance programmes for exporters (e.g. EMIA, etc.) |
| <ul style="list-style-type: none"> Average occupancy rate of 50% across the property portfolio Approximately R30 million turnover per annum | <ul style="list-style-type: none"> Increase the occupancy rate to 90% Increase the turnover to at least R65 million per annum | <ul style="list-style-type: none"> Procure a strategic partner to invest in and co-manage the property portfolio Dispose obsolete assets to reduce cost of security and insurance |
| <ul style="list-style-type: none"> Average collection of 60% across the loan book. Approximately R10 million turnover per annum | <ul style="list-style-type: none"> Increase the collection rate to 95% Increase the turnover to at least R20 million per annum | <ul style="list-style-type: none"> Invest in integrated loans and record management system Trace debtors through data profiling Hand over to debt collection companies |

PART B

OUR STRATEGIC FOCUS



2. UPDATED SITUATIONAL ANALYSIS

2.1 THE EXTERNAL ENVIRONMENT ¹

Global economic outlook

In the past few years, anti-globalization populism emerged as a potent political force in several advanced economies. The United Kingdom's June 2016 Brexit vote to sever ties with the European Union was the first sign. A few months later, the United States elected Donald Trump — an avowed nationalist and economic populist — as president of the United States. More recently, the demonstrations of the grassroots, populist gilets jaunes (yellow jackets) illustrate a deep-rooted dissatisfaction with the status quo and a perception that the "system" has benefited the few at the expense of the many.

The next 12 months could determine if the wave of nationalism and economic populism will rise or begin to recede. Changes underway in Britain, the United States and France will act as important indicators.

South African Economic Outlook

Reforms are tackling structural constraints to economic growth and job creation. One is restructuring the utility company Eskom to reduce the major risk its debt places on the treasury. Other reforms include allocating the telecommunications spectrum, removing barriers to mining investment, and reviewing visa requirements to boost tourism. The government is taking steps to improve investment, revitalise townships and industrial parks.

South Africa's global competitiveness ranking declined sharply to 67 of 140 countries in 2018 from 47 in 2016. The fall was mainly due to skill shortages, health sector challenges, weak domestic product competition, and limited information and communication technology adoption. Value chain linkages between mining and manufacturing are weak since South Africa exports the bulk of its mineral resources raw. This in turn exposes the country to recurrent global commodity price shocks.

Weak global growth, global trade tensions, and commodity price volatility also pose risks to the South African economy. A high public-sector wage bill, poor performance of state-owned enterprises, and social programs, including national health insurance, exert pressure on the budget. South Africa would benefit by manufacturing more for African markets.

Mpumalanga Economic Outlook

Economic Sectors and Performance:

The Mpumalanga economy experiencing sluggish growth and won't improve soon to achieve the annual target of 5%. Provincial growth rate of less than 1% the last 2 years and forecasted rate for 2018-2023, only 1.3% per annum. Economic growth lower than the population growth at the moment which is not a recipe for success.

The average annual GDP growth for the province was 2.3% since 1995 & only 1.6% since 2010, achieving considerably less than the growth target of 5% per annum. The weak performance of especially mining had a very negative impact on the overall economic performance of the province.

Mpumalanga recorded growth rates of more than 4% before the 2008/09 recession.

Looking at the situation since 2014, the provincial economy recorded economic growth of 2.9% in 2014, -0.2% in 2015, 0.0% in 2016 and 2.0% in 2017. It is estimated that the 2018 economic growth was below 1% at only 0.2%. Negative growth in key industries for Mpumalanga such as agriculture, mining & construction.

¹ Compiled using Quarter 3 Socio-Economic Review and Outlook (SERO) of Mpumalanga – December 2018

It is estimated that the Mpumalanga economy contracted by 0.3% over the first three quarters of 2019 (5.1% contraction in Q1 2019, 5.3% growth in Q2 2019 & 1.7% contraction in Q3 2019). In comparison, the national economy is estimated to have grown by 0.3% over the same period.

Economic growth challenges at the moment in especially the primary and secondary sectors and key industries such as agriculture, mining, manufacturing, electricity and construction.

2.2 THE INTERNAL ENVIRONMENT

2.2.1 Capacity to Deliver on the Mandate

In order to deliver on its mandate, MEGA began a 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 an organisational development (OD) process which commenced in 2015/16.

An organizational structure aligned to the 2015 strategy was developed and approved by the Board in 2016. The capacitation of the organization structure commenced in 2016 and the final phase which pertained to a consultative process aimed at finding solutions for 45 unplaced employees was put on hold by the MEC in November 2018. The Moratorium was lifted in August 2019 and the HR Board Committee approved the strategy on 12th February 2020. Management to commence with placement of unplaced employees into the structure.

2.2.2 Financial Sustainability

As a business enterprise of Government (PFMA schedule 3D entity), MEGA is required to be financially self-sustainable in order to advance its economic development mandate. However, this model has not been realised for the following key reasons:

- i. Upon its establishment, MEGA was under capitalised to place it on a trajectory towards self-sustainability;
- ii. the entity inherited legacy assets of poor quality (loan book, property portfolio);
- iii. Capacitation of the entity from a human resources perspective has not been finalised in the last 5 years as the previous realignment process in around 2013/14 was halted before completion and the recent one has been put on hold;
- iv. Increased conditional grants and progressive significant reduction in operational grants in the last few years.

This has meant that the entity has had to pursue high impact goals without the requisite human and financial resources. To that end, MEGA has developed a Financial Sustainability Model in order to ensure self-sustainability which entails leveraging its current asset base, strategic partnerships, as well as optimise certain processes in order to reduce costs and enhance revenue generation.

In line with its Financial Sustainability Model, management has identified and agreed on the following high-level principles that will form a basis of a comprehensive and measurable turn-around strategy required to improve the short to medium term financial sustainability of MEGA:

- i. Resuscitate negotiations with financing institutions aimed at raising capital for on-lending activities.
- ii. Collaborate with the Department of Human Settlements to access funds from the FLISP (Finance Linked Individual Subsidy) Programme to augment the provision of home loans in the gap market.
- iii. Facilitate transfer of assets from Limpopo to increase the current asset base while generating revenue.

- iv. Procure a Strategic Partner to invest in the entire property portfolio.
- v. Collaborate with the Department of Human Settlements to access subsidy funding from the CRU (Community Residential Units).
- vi. Accelerate the implementation of 3 development projects already awarded to Strategic Development Partners, namely: Siyabuswa Shopping Complex, Kabokweni Shopping Centre and 66 Anderson Street.
- vii. Accelerate the implementation of 7 identified property development projects to the value of R800m.
- viii. Initiate a call for proposals for the redevelopment of Loopspruit winery.
- ix. Implement a Turnaround Plan for Tekwane Lemon Farm.
- x. Leverage grant funding from the dtic's Black Industrialist Programme to provide opportunities for SMMEs in these sectors: Clean technology and energy, Mineral beneficiation, Agro-processing, Clothing, textiles, leather & footwear, Pulp, paper, Industrial infrastructure, and Information communication technologies.
- xi. Establish a dedicated debt collection unit to vigorously pursue arrear accounts.
- xii. Investigate and facilitate the sale of non-core assets.

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. Since the disclaimer audit opinion, with 10 audit qualifications, issued by the Auditor-General for the year ended 31 March 2016, MEGA improved its audit opinion to a "qualified" audit opinion with one audit qualification remaining relating to legacy issues.

A clean audit outcome would enable the entity to approach third parties for funding in order to scale up the balance sheet for even greater scale of projects.

“

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.

3. OVERVIEW OF 2019 BUDGET AND MTEF ESTIMATES

3.1. EXPENDITURE ESTIMATES BY ECONOMIC CLASSIFICATION

| PROGRAMMES R Thousands | EXPENDITURE OUTCOMES | | |
|---|-----------------------------|----------------|----------------|
| | 2017/18 | 2018/19 | 2019/20 |
| 1. OFFICE OF THE CEO | 22 329 | 24 438 | 18 520 |
| 2. CORPORATE SERVICES | 28 642 | 30 639 | 31 103 |
| 3. FINANCE | 51 191 | 54 811 | 90 922 |
| 4. STRATEGY & COMMUNICATION | 22 020 | 17 536 | 17 610 |
| 5. PROPERTIES & INFRASTRUCTURE | 255 514 | 495 299 | 144 175 |
| 6. FUNDING | 196 549 | 174 754 | 111 527 |
| TOTAL | 576 245 | 797 476 | 413 857 |

| ADJUSTED APPROPRIATION | MEDIUM-TERM EXPENDITURE ESTIMATES | | |
|-------------------------------|--|----------------|----------------|
| | 2019/20 | 2020/21 | 2021/22 |
| 17 071 | 24 360 | 25 456 | 26 602 |
| 24 198 | 38 843 | 38 242 | 39 963 |
| 61 947 | 66 914 | 53 697 | 56 113 |
| 14 477 | 23 407 | 24 460 | 25 561 |
| 150 731 | 172 958 | 171 654 | 179 379 |
| 113 759 | 97 920 | 96 683 | 101 034 |
| 382 184 | 424 402 | 410 192 | 428 651 |

OVERVIEW OF 2019 BUDGET AND MTEF ESTIMATES

(CONTINUED)

| ECONOMIC CLASSIFICATION | | EXPENDITURE OUTCOMES | | |
|--|--|----------------------|----------------|----------------|
| R Thousands | | 2017/18 | 2018/19 | 2019/20 |
| CURRENT PAYMENTS | | 302 691 | 301 785 | 306 849 |
| COMPENSATION OF EMPLOYEES | | 109 802 | 121 109 | 119 925 |
| GOODS AND SERVICES | | | | |
| OF WHICH: | | | | |
| ACCOMMODATION AND TRAVELLING | | 3 226 | 2 847 | 2 566 |
| ADVERTISING / MARKETING | | 1 984 | 2 311 | 258 |
| APPORTIONMENT EXPENSE | | 7 159 | 4 131 | 3 024 |
| AUDIT FEES | | 7 087 | 5 762 | 6 092 |
| BAD DEBTS | | - | - | - |
| BOARD FEES | | 1 415 | 1 265 | 1 208 |
| BULK SERVICES PURCHASES | | 63 361 | 63 138 | 77 006 |
| CATERING / CONFERENCES | | 564 | 295 | 526 |
| CLEANING SERVICES | | 389 | 261 | 531 |
| COMMUNICATION | | 1 311 | 1 462 | 773 |
| CONSUMABLES / GROCERIES AND LOOSE TOOLS | | 178 | 87 | 90 |

| ADJUSTED APPROPRIATION | MEDIUM-TERM EXPENDITURE ESTIMATES | | |
|-------------------------------|--|----------------|----------------|
| | 2019/20 | 2020/21 | 2021/22 |
| 302 455 | 360 661 | 374 542 | 391 396 |
| 116 228 | 140 593 | 146 920 | 153 532 |
| | | | |
| 1 062 | 1 674 | 1 749 | 1 828 |
| 106 | 2 406 | 2 514 | 2 627 |
| 191 | 1 818 | 1 900 | 1 986 |
| 7 749 | 6 435 | 6 725 | 7 027 |
| - | - | - | - |
| 2 062 | 2 172 | 2 270 | 2 372 |
| 80 300 | 81 911 | 85 597 | 89 449 |
| 156 | 346 | 361 | 377 |
| 244 | 257 | 269 | 281 |
| 1 169 | 611 | 638 | 667 |
| 96 | 100 | 105 | 110 |

OVERVIEW OF 2019 BUDGET AND MTEF ESTIMATES

(CONTINUED)

| ECONOMIC CLASSIFICATION | | EXPENDITURE OUTCOMES | | |
|---|--|----------------------|---------|---------|
| R Thousands | | 2017/18 | 2018/19 | 2019/20 |
| CORPORATE GIFTS AND DONATIONS | | 606 | 69 | 7 |
| COST OF SALES - LEMONS | | 3 883 | 521 | 5 260 |
| COST OF SALES - WINE | | 11 | 10 | 7 |
| DEPRECIATION | | - | - | - |
| EMPLOYEE COST - OTHER | | 319 | 264 | 303 |
| EPWP | | 912 | 784 | 1 220 |
| FARM PURCHASES - INVENTORY | | 1 984 | 3 487 | 9 059 |
| FEES PAID - COMMISSION, TAXES AND LEVIES | | 110 | 24 | 2 |
| HOST INVESTOR CONFERENCE | | 2 755 | - | - |
| INSURANCE FEES | | 6 824 | 8 125 | 8 999 |
| INTEREST AND BANK CHARGES PAID | | 262 | 413 | 244 |
| IT SERVICES | | 2 610 | 2 063 | 1 219 |
| LEGAL FEES | | 6 392 | 7 902 | 3 444 |
| LOSS ON SALE/SCRAP OF ASSETS | | - | - | - |
| MAINTENANCE AND REPAIRS | | 4 718 | 2 891 | 1 188 |
| MANAGEMENT FEES | | - | - | - |
| OFFICE REMOVAL | | 549 | 38 | 660 |
| OPERATING LEASES - BUILDING AND EQUIPMENT | | 8 198 | 10 800 | 11 883 |
| ORGANISATIONAL DEVELOPMENT - INCLUDING RECRUITMENT AND RELOCATION | | 3 315 | 2 137 | 1 541 |
| OTHER EXPENSES | | 21 | 7 | 6 |
| POSTAGE AND STATIONERY | | 548 | 488 | 612 |

ADJUSTED APPROPRIATION MEDIUM-TERM EXPENDITURE ESTIMATES

| 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|---------|---------|---------|---------|
| 5 | - | - | - |
| 10 605 | 8 419 | 8 798 | 9 194 |
| 4 | 5 | 5 | 5 |
| - | - | - | - |
| 303 | 396 | 414 | 433 |
| 1 000 | 1 200 | 1 254 | 1 310 |
| 3 275 | 7 873 | 8 228 | 8 598 |
| 61 | 64 | 67 | 70 |
| - | - | - | - |
| 8 943 | 10 125 | 10 581 | 11 057 |
| 527 | 550 | 575 | 601 |
| 2 042 | 6 985 | 7 299 | 7 628 |
| 3 406 | 4 746 | 4 960 | 5 183 |
| - | - | - | - |
| 1 319 | 2 906 | 3 037 | 3 173 |
| 144 | 575 | 601 | 628 |
| 130 | - | - | - |
| 11 513 | 12 371 | 12 928 | 13 510 |
| 810 | 1 442 | 1 507 | 1 575 |
| 28 | 30 | 31 | 32 |
| 220 | 230 | 241 | 252 |

OVERVIEW OF 2019 BUDGET AND MTEF ESTIMATES

(CONTINUED)

| ECONOMIC CLASSIFICATION | | EXPENDITURE OUTCOMES | | |
|--|--|----------------------|---------------|---------------|
| R Thousands | | 2017/18 | 2018/19 | 2019/20 |
| PROFESSIONAL FEES | | 26 219 | 20 808 | 7 965 |
| PROTECTIVE CLOTHING | | 83 | 231 | 100 |
| SECURITY SERVICES | | 14 985 | 17 341 | 15 307 |
| SPECIALISED SERVICES - ELECTRICAL, LANDFILL AND WATER WASTE | | 4 388 | 4 906 | 5 815 |
| STATUTORY REPORTS COMPILATION | | 303 | 684 | 820 |
| STORAGE EXPENSES | | 140 | 252 | 325 |
| SUBSCRIPTIONS AND LICENCES | | 394 | 1 033 | 1 432 |
| TRADE AND INVESTMENT MISSIONS AND EXHIBITIONS | | 2 931 | 1 757 | 2 500 |
| TRAINING AND BURSARIES | | 726 | 1 048 | 1 640 |
| UIF - LABOUR ACTIVATION FEE PAID | | - | - | - |
| VEHICLE COST | | 272 | 261 | 800 |
| WATER AND ELECTRICITY | | 10 750 | 10 192 | 11 293 |
| WORKSHOPS | | 1 008 | 582 | 1 195 |
| FINANCIAL OBLIGATIONS | | 25 799 | 21 165 | 66 503 |
| DBSA LOAN REPAYMENTS | | 9 389 | 5 350 | 7 005 |
| ACCRUALS / CREDITORS (NET MOVEMENT FOR THE YEAR) | | - | - | 50 883 |
| VAT OBLIGATIONS | | 16 411 | 15 814 | 8 615 |

ADJUSTED APPROPRIATION **MEDIUM-TERM EXPENDITURE ESTIMATES**

| 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|---------------|---------------|---------------|---------------|
| 5 403 | 10 964 | 11 457 | 11 973 |
| 39 | 142 | 148 | 155 |
| 20 176 | 21 234 | 22 190 | 23 188 |
| 4 405 | 6 679 | 6 980 | 7 294 |
| 1 054 | 1 265 | 1 322 | 1 381 |
| 336 | 378 | 395 | 413 |
| 910 | 1 299 | 1 357 | 1 418 |
| 1 878 | 3 425 | 3 579 | 3 740 |
| 155 | 2 910 | 3 041 | 3 177 |
| 2 138 | 2 248 | - | - |
| 195 | 109 | 114 | 119 |
| 10 680 | 11 160 | 11 663 | 12 187 |
| 1 388 | 2 607 | 2 724 | 2 847 |
| 40 856 | 29 789 | 14 901 | 15 571 |
| 6 871 | - | - | - |
| 16 642 | 15 530 | - | - |
| 17 342 | 14 259 | 14 901 | 15 571 |

OVERVIEW OF 2019 BUDGET AND MTEF ESTIMATES

(CONTINUED)

| ECONOMIC CLASSIFICATION | | EXPENDITURE OUTCOMES | | |
|--|--|-----------------------------|----------------|----------------|
| R Thousands | | 2017/18 | 2018/19 | 2019/20 |
| CAPITAL ASSETS | | 14 231 | 10 118 | 4 339 |
| BULK INFRASTRUCTURE - TRANSFORMER / ELECTRIC NETWORK | | 1 531 | - | - |
| INTANGIBLE ASSETS - SOFTWARE | | - | - | 452 |
| IT EQUIPMENT | | 814 | 1 154 | 1 812 |
| MOTOR VEHICLES | | - | - | 771 |
| OFFICE EQUIPMENT | | 97 | 471 | 696 |
| PLANT AND MACHINERY | | 231 | - | 609 |
| PROPERTY - RENOVATIONS | | 11 558 | 8 493 | - |
| LOAN ADVANCES | | 45 380 | 34 529 | 28 122 |
| HOME LOANS | | 8 701 | 9 163 | 13 030 |
| SMME AND CO-OPS | | 27 280 | 21 270 | 8 118 |
| AGRICULTURAL LOANS | | 9 399 | 4 095 | 6 974 |
| SUB TOTAL | | 388 101 | 367 597 | 405 814 |

ADJUSTED APPROPRIATION MEDIUM-TERM EXPENDITURE ESTIMATES

| 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|----------------|----------------|----------------|----------------|
| 298 | 11 304 | 2 726 | 2 849 |
| - | 8 696 | - | - |
| - | - | - | - |
| 70 | 1 304 | 1 363 | 1 424 |
| - | - | - | - |
| 5 | - | - | - |
| - | - | - | - |
| 224 | 1 304 | 1 363 | 1 424 |
| 19 264 | 16 246 | 16 977 | 17 741 |
| 2 118 | 2 779 | 2 904 | 3 035 |
| 17 146 | 13 467 | 14 073 | 14 706 |
| - | - | - | - |
| 362 873 | 418 000 | 409 145 | 427 557 |

OVERVIEW OF 2019 BUDGET AND MTEF ESTIMATES

(CONTINUED)

| ECONOMIC CLASSIFICATION | | EXPENDITURE OUTCOMES | | |
|---|--|----------------------|----------------|----------------|
| R Thousands | | 2017/18 | 2018/19 | 2019/20 |
| STRATEGIC INITIATIVES | | 188 144 | 429 880 | 8 043 |
| DONKERHOEK BOTTLING PLANT | | 327 | 315 | 339 |
| ECONOMIC REJUVENATION FUND | | 5 216 | - | - |
| ESTABLISHMENT OF A CREATIVE INDUSTRY COMMISSION | | - | 2 228 | - |
| ESTABLISHMENT OF INFRASTRUCTURE UNIT | | 5 738 | - | - |
| ESTABLISHMENT OF PROVINCIAL INFRASTRUCTURE FUND | | 5 640 | - | - |
| GOVERNMENT NUTRITION PROGRAMME | | 73 219 | 72 695 | 7 704 |
| GOVERNMENT NUTRITION PROGRAMME - INFRASTRUCTURE | | - | 36 972 | - |
| MPUMALANGA INTERNATIONAL FRESH PRODUCE MARKET | | 86 000 | 307 000 | - |
| NKOMAZI SPECIAL ECONOMIC ZONE (SEZ) | | 8 447 | 2 550 | - |
| SABS PRODUCT CERTIFICATION PROGRAMME | | - | - | - |
| SANITARY TOWEL PROGRAMME | | - | - | - |
| SMME KICK START PROGRAMME | | - | 2 259 | - |
| TOWNSHIP REVITALISATION INITIATIVE | | 3 501 | 5 793 | - |
| TYRE BUSINESS PROGRAMME | | 56 | 68 | - |
| MINING INCUBATION | | - | - | - |
| TOWNSHIP RECAPITALISATION | | - | - | - |
| TOTAL | | 576 245 | 797 476 | 413 857 |

ADJUSTED APPROPRIATION MEDIUM-TERM EXPENDITURE ESTIMATES

| 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|----------------|----------------|----------------|----------------|
| 19 311 | 6 402 | 1 047 | 1 094 |
| 269 | 1 002 | 1 047 | 1 094 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 14 350 | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 2 448 | - | - | - |
| 2 037 | 5 400 | - | - |
| - | - | - | - |
| - | - | - | - |
| 207 | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 382 184 | 424 402 | 410 192 | 428 651 |



Capable



Credible



Resilient



4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

4.1. PERFORMANCE SCORECARD ALIGNED TO MEGA's MANDATE

The entity's performance scorecard as aligned to its mandate serves 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 2019/2020 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 Accounting Authority (the Board) and the Executive Authority (the Shareholder) on a quarterly basis and ultimately form part of MEGA's Annual Report.

4.11. PERFORMANCE SCORECARD FOR CORE FUNCTIONS

| STRATEGIC OBJECTIVES | FOCUS AREA | KEY PERFORMANCE INDICATORS |
|--|--|---|
| 1. To develop a comprehensive support plan for SMME and Cooperatives to participate in the economy | <ul style="list-style-type: none"> • SMMEs • Agricultural Enterprises • Cooperatives • Housing loans | Value of business loans approved Value of business loans disbursed Value of housing loans approved Value of housing loans disbursed Number of businesses provided with post investment support Number of housing clients provided with post investment support Number of equity investment monitoring reports |
| 2. To build infrastructure capabilities in order to deliver on infrastructure mandate | Infrastructure Development | % progress in the construction of the Mpumalanga International Fresh Produce Market Progress in the implementation of the Nkomazi SEZ Entity |
| 3. To invest in the property portfolio | Property Development Property Management | Value of Strategic Development Partners' investment approved by the Board Value of revitalization funds approved by government and / or development finance institutions Occupancy rate of the property portfolio |

2. Increased projection on the assumption of funding from appropriation and borrowed capital
3. Construction of the Agro Processing building
4. Completion of the main market and ancillary building
5. Operationalisation of the market

| Baseline 2013/14 – 2018/19 | MTEF TARGETS | | |
|--|------------------------------------|---------------------------------------|---------------------------------------|
| | 2020/21 | 2021/2022 | 2022/2023 |
| R28.1m | R2m | R40m ² | R50m |
| R26.1m | R14.2m | R32m | R40m |
| R2m | R5m | R10m | R15m |
| R2m | R6.45m | R8m | R10m |
| New Indicator | 90 | 100 | 150 |
| New Indicator | 100 | 120 | 130 |
| New Indicator | 4 | 4 | 4 |
| 100% enabling infrastructure | 100% completion Phase ³ | 100% completion of Phase ⁴ | 100% completion of Phase ⁵ |
| SEZ Designation & Established SEZ entity | Establishment of the SEZ entity | Appointment of an SEZ Operator | Development of the SEZ |
| R0 | R350m | R400m | R500m |
| R50m | R150m | R200m | R300m |
| 65% | 70% | 80% | 90% |

PERFORMANCE SCORECARD FOR CORE FUNCTIONS (CONTINUED)

| STRATEGIC OBJECTIVES | FOCUS AREA | KEY PERFORMANCE INDICATORS |
|--|------------------------------|--|
| 4. To promote Foreign trade and Investment in the Province | Trade & Investment Promotion | Value of foreign/domestic investment attracted ⁶ |
| 5. To improve financial standing | Property Management | Number of exporters / importers provided with foreign trade counselling and support Rental revenue generated through the property portfolio |

6. Based on signed agreements with investors on investment projects

Baseline
2013/14 – 2018/19

MTEF TARGETS

| | 2020/21 | 2021/2022 | 2022/2023 |
|-------|----------------|------------------|------------------|
| R150m | R200m | R400m | R600m |
| 0 | 120 | 140 | 160 |
| R40m | R45m | R50m | R55m |

4.12. PERFORMANCE SCORECARD FOR SUPPORT FUNCTIONS

| STRATEGIC OBJECTIVES | FOCUS AREA | KEY PERFORMANCE INDICATORS |
|---|---------------------------|--|
| 6. To be a high performing organization | People | % of approved positions filled % achieved on Employee Satisfaction |
| | | % achieved on MEGA organisational performance |
| | | Number of independent and systematic evaluations of the entity's performance |
| 7. To enhance governance and operational excellence | Systems and Processes | % improvement on organisational risk maturity level |
| | | % integration and/or interoperability of ICT systems |
| | | % achieved on MEGA Brand and Reputation |
| | | % achieved on MEGA Customer Satisfaction |
| | Governance and Compliance | % of implementation of three (3) year Internal Audit Plan |
| | | % compliance with the MEGA Legislative Universe ⁷ |
| | | Audit opinion outcome expressed by Auditor-General |

7. The Legislative Universe include the PFMA, MEGA Act and other legislation which regulates the operations of MEGA

| Baseline 2013/14 – 2018/19 | MTEF TARGETS | | |
|---|---------------------|------------------|------------------|
| | 2020/21 | 2021/2022 | 2022/2023 |
| Not Measured | 45% | 70% | 90% |
| 50% | 65% | 75% | 85% |
| 31% | 75% | 80% | 85% |
| 1 | 1 | 2 | 2 |
| 15% | 20% | 25% | 35% |
| 5% | 25% | 75% | 100% |
| Not Measured | 50% | 60% | 70% |
| 61% | 70% | 80% | 90% |
| 90% | 100% | 100% | 100% |
| Not Measured | 100% | 100% | 100% |
| Qualified | Unqualified | Unqualified | Unqualified |



4.2. STRATEGIC GOALS

In pursuing its vision the entity has developed and adopted the following goals whose pursuit will enable it to meet its development impact ideals:

- i. Increased participation in the economy by entrepreneurs and companies within the designated groups;
- ii. Increased implementation of suitable high impact investment opportunities in the province;
- iii. Increased attraction of suitable investors to the Province based on an attractive value proposition and attractive investment opportunities;
- iv. Increased access to export trade opportunities for Mpumalanga businesses;
- v. Progressively increase own revenue generation and collection to achieve financial sustainability;
- vi. Enhanced organisational sustainability; and
- vii. Improved corporate Image of MEGA.

4.3. STRATEGIC OBJECTIVES

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

- i. Provide funding in respect of property development; approved enterprises; housing loans; and agricultural development; focusing primarily on previously disadvantaged individuals within the Province;
- ii. Focus on project management and development; and to manage immovable property;
- iii. 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;
- iv. Progressively increase its own revenue generation and collection;
- v. High performing organisation;
- vi. Enhance governance and operational excellence; and
- vii. Increase MEGA Brand and Reputation.

4.4. 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.

The outcome of MEGA's activities across all its programmes should result in *inter alia*:

- i. Increased job opportunities to target groups (youth, women, people living with disabilities);
- ii. Increased contribution of small enterprises to the Mpumalanga economy, and promotion of economic growth, job creation and equity; and
- iii. Overall eradication of poverty, unemployment and inequality.



PROGRAMME &
SUB PROGRAMME
PLANS

4.5. OFFICE OF THE CEO

4.5.1. PURPOSE

The core purpose of the division is as follows:

- i. Provide strategic direction to ensure the achievement of short, medium and long-term strategic goals of the organisation's Corporate Strategy.
- ii. Assist the entity accomplish its objectives by bringing a disciplined approach to evaluate and improve the effectiveness of risk management, internal controls and governance processes.
- iii. Ensure that the organisation complies with all statutory and legislative requirements in the delivery of the organisation's mandate.
- iv. Maintain a good relationship with various stakeholders through effective communication and engagements in order to continuously improve the image of the organisation.
- v. Ensure an effective administrative, secretarial and advisory services to the Board such that the Board's activities are carried out in line with the PFMA requirements and the Code of Good Practice.

4.5.2. BUSINESS MODEL

The Office of the CEO instils a culture of a learning and high performance organisation by providing strategic guidance and support to various Divisions, Departments and Leadership of the organisation.

4.5.3. VALUE PROPOSITION

The Office of the CEO provides best practice support to the organisation in the areas of:

- i. Strategy Development and Implementation;
- ii. Operational Excellence;
- iii. Organisational Performance Management, Monitoring & Evaluation;
- iv. Risk Management, Legislative Compliance and Governance; and
- v. Stakeholder Management.

4.5.4. ANNUAL TARGETS

STRATEGIC GOAL 6: ENHANCED ORGANISATIONAL SUSTAINABILITY

| OUTCOME | OUTPUT | OUTPUT INDICATORS |
|---|---|---|
| Compliance with all statutory and legislative prescripts | Compilation of MEGA's Legislative Universe | % compliance with the MEGA Legislative Universe ⁸ |
| Improvement in the effectiveness of internal control and governance | Approval of Annual Internal Audit Plan by BARCC | Level of implementation of three (3) year Internal Audit Plan |

4.5.5. QUARTERLY TARGETS

STRATEGIC GOAL 6: ENHANCED ORGANISATIONAL SUSTAINABILITY

| OUTCOME | OUTPUT | OUTPUT INDICATORS |
|---|---|---|
| Compliance with all statutory and legislative prescripts | Compilation of MEGA's Legislative Universe | % compliance with the MEGA Legislative Universe ⁸ |
| Improvement in the effectiveness of internal control and governance | Approval of Annual Internal Audit Plan by BARCC | Level of implementation of three (3) year Internal Audit Plan |

8. The Legislative Universe would include the PFMA, MEGA Act and other legislation which regulates the operations of MEGA

| Audited/Actual Performance | | | Estimated Performance | Medium-term Performance Targets | | |
|----------------------------|---------------|---------------|-----------------------|---------------------------------|---------|---------|
| 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
| New Indicator | New Indicator | New Indicator | 100% | 100% | 100% | 100% |
| New Indicator | 100% | 90% | 100% | 100% | 100% | 100% |

| Reporting Period | Annual Target | | Quarterly Targets | | |
|------------------|---------------|------|-------------------|------|------|
| | 2020/21 | 1st | 2nd | 3rd | 4th |
| Quarterly | 100% | 100% | 100% | 100% | 100% |
| Quarterly | 100% | 25% | 50% | 75% | 100% |

4.5.6. RECONCILING PERFORMANCE TARGETS WITH THE BUDGET & MTEF

| Sub programme | Expenditure Outcome | | |
|--------------------------------|----------------------------|---------------|---------------|
| | 2017/18 | 2018/19 | 2019/20 |
| R THOUSAND | | | |
| Administration | 7 518 | 8 905 | 6 506 |
| Company Secretariat & Legal | 9 463 | 11 308 | 7 364 |
| Internal Audit | 5 348 | 4 225 | 4 650 |
| TOTAL | 22 329 | 24 438 | 18 520 |
| Economic Classification | | | |
| Current payments | 22 329 | 24 438 | 18 520 |
| Compensation of employees | 8 839 | 9 541 | 10 405 |
| Goods and services | | | |
| of which: | | | |
| Accommodation and travelling | 1 439 | 1 446 | 694 |
| Audit fees | 3 045 | 2 020 | 2 299 |
| Board fees | 1 415 | 1 265 | 1 208 |
| Catering / conferences | 150 | 139 | 238 |
| Corporate gifts and donations | 604 | 64 | - |
| Legal fees | 6 392 | 7 902 | 3 444 |
| Professional fees | 419 | 2 009 | - |
| Subscriptions and licences | 26 | 52 | 110 |
| Training | - | - | 122 |
| TOTAL | 22 329 | 24 438 | 18 520 |

| Adjusted Appropriation | Medium-term Expenditure Estimate | | | |
|-------------------------------|---|---------------|---------------|---------|
| | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
| 6 515 | 10 334 | 10 799 | 11 285 | |
| 6 377 | 9 221 | 9 636 | 10 069 | |
| 4 179 | 4 805 | 5 021 | 5 247 | |
| 17 071 | 24 360 | 25 456 | 26 602 | |
| | | | | |
| 17 071 | 24 360 | 25 456 | 26 602 | |
| 8 980 | 13 580 | 14 191 | 14 829 | |
| | | | | |
| 285 | 626 | 654 | 683 | |
| 2 100 | 2 465 | 2 576 | 2 692 | |
| 2 062 | 2 172 | 2 270 | 2 372 | |
| 63 | 147 | 154 | 160 | |
| 5 | - | - | - | |
| 3 406 | 4 746 | 4 960 | 5 183 | |
| - | - | - | - | |
| 110 | 407 | 425 | 444 | |
| 59 | 217 | 227 | 237 | |
| 17 071 | 24 360 | 25 456 | 26 602 | |



4.6. CORPORATE SERVICES

4.6.1. 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. The division seeks to:

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

4.6.2. BUSINESS MODEL

Improve the organisational capabilities through rendering a comprehensive integrated human capital management, integrated information management as well as enterprise wide risk management to enable the organisation to deliver on its mandate.

4.6.3. VALUE PROPOSITION

The division seeks to:-

- i. Deliver a world class human capital management service through strategic partnerships with our stakeholders.
- ii. We provide a world class integrated communications technology that supports the achievement of the MEGA strategic and operational objectives.
- iii. We create and preserve value by optimizing the performance of the organisation's assets through effective enterprise risk management

4.6.4. ANNUAL TARGETS

STRATEGIC GOAL 6: ENHANCED ORGANISATIONAL SUSTAINABILITY

| OUTCOME | OUTPUT | OUTPUT INDICATORS |
|---|---|--|
| Capacitated organisation | Placement and recruitment processes approved by the Board | % of approved positions filled |
| Improved organizational culture | Conduct organisational survey | % achieved on Employee Satisfaction |
| Improved risk maturity level | Implement Risk Maturity Implementation Plan | % improvement on organisational risk maturity level |
| Enhanced all-inclusive and integrated information management system | Implement approved strategy and plan | % integration and/or interoperability of ICT systems |

4.6.5. QUARTERLY TARGETS

STRATEGIC GOAL 6: ENHANCED ORGANISATIONAL SUSTAINABILITY

| OUTCOME | OUTPUT | OUTPUT INDICATORS |
|---|---|--|
| Capacitated organisation | Placement and recruitment processes approved by the Board | % of approved positions filled |
| Improved organizational culture | Conduct organisational survey | % achieved on Employee Satisfaction |
| Improved risk maturity level | Implement Risk Maturity Implementation Plan | % improvement on organisational risk maturity level |
| Enhanced all-inclusive and integrated information management system | Implement approved strategy and plan | % integration and/or interoperability of ICT systems |

9. 45% is accounted as follows: 20% derived from the approval of the Pool Management Strategy and commencement of its implementation; 15% as a result of the filling of prioritized vacant positions and 10% based on full implementation of the training programme.

| Audited/Actual Performance | | | Estimated Performance | Medium-term Performance Targets | | |
|----------------------------|---------------|---------------|-----------------------|---------------------------------|---------|---------|
| 2016/17 | 2017/18 | 2018/19 | | 2019/20 | 2020/21 | 2021/22 |
| New Indicator | New Indicator | New Indicator | 20% | 45% | 90% | 100% |
| New Indicator | New Indicator | 58% | 65% | 75% | 80% | 85% |
| New Indicator | New Indicator | 11.3% | 15% | 20% | 25% | 35% |
| New Indicator | New Indicator | 5% | 25% | 75% | 85% | 100% |

| Reporting Period | Annual Target | Quarterly Targets | | | |
|------------------|------------------|-------------------|-----|-----|-----|
| | | 1st | 2nd | 3rd | 4th |
| Quarterly | 45% ⁹ | 20% | 10% | 10% | 5% |
| Quarterly | 75% | 0 | 0 | 0 | 65% |
| Annually | 20% | 0% | 0 | 0 | 20% |
| Quarterly | 75% | 0% | 20% | 50% | 75% |

4.6.6. RECONCILING PERFORMANCE TARGETS WITH THE BUDGET & MTEF

| Sub programme | Expenditure Outcome | | |
|--------------------------------------|----------------------------|---------------|---------------|
| | 2017/18 | 2018/19 | 2019/20 |
| R THOUSAND | | | |
| Administration | 7 113 | 8 666 | 7 344 |
| Human Resources | 14 319 | 13 764 | 13 436 |
| Information Communication Technology | 7 092 | 7 970 | 9 240 |
| Enterprise-wide Risk Management | 118 | 238 | 1 084 |
| TOTAL | 28 642 | 30 639 | 31 103 |
| Economic Classification | | | |
| Current payments | 27 828 | 29 485 | 28 840 |
| Compensation of employees | 16 433 | 18 580 | 17 806 |
| Goods and services | | | |
| of which: | | | |
| Accommodation and travelling | 325 | 332 | 590 |
| Assessments and workshops | 8 | 215 | 592 |
| Catering / conferences | 201 | 73 | 196 |
| Consumables / groceries | 163 | 82 | 86 |
| Depreciation | - | - | - |
| Employee cost - other | 319 | 264 | 303 |
| Human Resources Development | 726 | 1 048 | 1 518 |
| IT services | 1 247 | 138 | 308 |
| IT services - network and 3G's | 1 363 | 1 925 | 911 |
| IT strategy | - | - | - |
| Office removal | 549 | 38 | 660 |
| Operating leases - equipment | 264 | 563 | 309 |

| Adjusted Appropriation | Medium-term Expenditure Estimate | | |
|-------------------------------|---|---------------|---------------|
| | 2019/20 | 2020/21 | 2021/22 |
| 6 821 | 7 549 | 7 889 | 8 244 |
| 9 676 | 14 575 | 15 231 | 15 916 |
| 4 745 | 11 475 | 11 992 | 12 531 |
| 819 | 2 995 | 3 130 | 3 271 |
| 22 060 | 36 595 | 38 242 | 39 963 |
| | | | |
| 24 128 | 37 539 | 36 879 | 38 538 |
| 15 042 | 19 187 | 20 050 | 20 952 |
| | | | |
| 180 | 431 | 451 | 471 |
| 759 | 1 322 | 1 381 | 1 444 |
| 64 | 169 | 176 | 184 |
| 92 | 96 | 100 | 104 |
| - | - | - | - |
| 303 | 396 | 414 | 433 |
| 96 | 2 692 | 2 813 | 2 940 |
| 207 | 216 | 226 | 236 |
| 1 836 | 3 581 | 3 742 | 3 910 |
| - | 3 188 | 3 332 | 3 482 |
| 130 | - | - | - |
| 420 | 313 | 327 | 342 |

RECONCILING PERFORMANCE TARGETS WITH THE BUDGET & MTEF
(CONTINUED)

| Sub programme | Expenditure Outcome | | |
|------------------------------------|----------------------------|---------------|---------------|
| | 2017/18 | 2018/19 | 2019/20 |
| R THOUSAND | | | |
| Organisational Realignment (OD) | 3 202 | 1 159 | 441 |
| Postage and registration | 93 | 36 | 44 |
| Professional fees | 811 | 1 676 | 1 959 |
| Protective clothing | - | 73 | 100 |
| Recruitment (Incl. Advertising) | 85 | 891 | 500 |
| Relocation costs | 28 | 87 | 600 |
| Stationery and printing | 455 | 452 | 568 |
| Storage cost | 140 | 252 | 325 |
| Subscriptions and licences | 99 | 136 | 250 |
| UIF - Labour activation fee paid | - | - | - |
| Team building and workshops | 5 | - | - |
| Telephone / communication | 1 311 | 1 462 | 773 |
| Water and electricity | - | - | - |
| Payments for capital assets | 814 | 1 154 | 2 264 |
| IT equipment | 814 | 1 154 | 1 812 |
| Intangible assets - software | - | - | 452 |
| TOTAL | 28 642 | 30 639 | 31 103 |

| Adjusted Appropriation | Medium-term Expenditure Estimate | | | |
|-------------------------------|---|----------------|----------------|----------------|
| | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
| 251 | - | - | - | - |
| 24 | 25 | 27 | 28 | |
| 8 | 539 | 563 | 589 | |
| 2 | 138 | 144 | 150 | |
| 461 | 921 | 962 | 1 005 | |
| 99 | 522 | 545 | 570 | |
| 196 | 205 | 214 | 224 | |
| 336 | 378 | 395 | 413 | |
| 317 | 362 | 378 | 395 | |
| 2 138 | 2 248 | - | - | |
| - | - | - | - | |
| 1 169 | 611 | 638 | 667 | |
| - | - | - | - | |
| 70 | 1 304 | 1 363 | 1 424 | |
| 70 | 1 304 | 1 363 | 1 424 | |
| - | - | - | - | |
| 24 198 | 38 843 | 38 242 | 39 963 | |



4.7. FINANCE

4.7.1. 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.

4.7.2. BUSINESS MODEL

The division provides relevant/ intelligent financial analyses, interpretation and advice by:

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

4.7.3. VALUE PROPOSITION

The division is a support function that provides relevant information for strategic decision-making.

4.7.4. ANNUAL TARGETS

STRATEGIC GOAL 6: ENHANCED ORGANISATIONAL SUSTAINABILITY

| OUTCOME | OUTPUT | OUTPUT INDICATORS |
|--|---|---|
| To enhance governance and operational excellence | Implementation of Audit Remedial Action Plans | Improved audit opinion expressed by Auditor-General |

4.7.5. QUARTERLY TARGETS

STRATEGIC GOAL 6: ENHANCED ORGANISATIONAL SUSTAINABILITY

| OUTCOME | OUTPUT | OUTPUT INDICATORS |
|--|---|---|
| To enhance governance and operational excellence | Implementation of Audit Remedial Action Plans | Improved audit opinion expressed by Auditor-General |

| Audited/Actual Performance | | | Estimated Performance | Medium-term Performance Targets | | |
|----------------------------|---------------|-----------|-----------------------|---------------------------------|-------------|-------------|
| 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
| New indicator | New Indicator | Qualified | Qualified | Unqualified | Unqualified | Unqualified |

| Reporting Period | Annual Target | Quarterly Targets | | | |
|------------------|---------------|-------------------|-------------|-----|-----|
| | 2020/21 | 1st | 2nd | 3rd | 4th |
| Annually | Unqualified | 0 | Unqualified | 0 | 0 |

4.7.6. RECONCILING PERFORMANCE TARGETS WITH THE BUDGET & MTEF

| Sub programme | Expenditure Outcome | | |
|--|----------------------------|---------------|---------------|
| | 2017/18 | 2018/19 | 2019/20 |
| R THOUSAND | | | |
| Finance | 51 191 | 54 811 | 90 922 |
| TOTAL | 51 191 | 54 811 | 90 922 |
| Current payments | 34 452 | 38 526 | 30 728 |
| Compensation of employees | 15 660 | 20 463 | 20 556 |
| Goods and services | | | |
| of which: | | | |
| Accommodation and travelling | 291 | 273 | 172 |
| Advertising | 269 | 93 | 130 |
| Apportionment expense | 7 159 | 4 131 | 3 024 |
| Audit fees | 4 042 | 3 742 | 3 793 |
| Bad debts | - | - | - |
| Bank charges and interest | 262 | 413 | 244 |
| Catering / conferences | 10 | 12 | 17 |
| Depreciation | - | - | - |
| Loss on sale/scrap of assets | - | - | - |
| Professional fees | 6 686 | 9 141 | 2 603 |
| Subscriptions and licences | 73 | 260 | 190 |
| Financial obligations | 16 411 | 15 814 | 59 498 |
| DBSA loan repayments | - | - | - |
| Accruals / Creditors (net movement for the year) | - | - | 50 883 |
| VAT obligations | 16 411 | 15 814 | 8 615 |
| Capital assets | 328 | 471 | 696 |
| Plant and machinery | 231 | - | - |
| Motor vehicles | - | - | - |
| Office equipment | 97 | 471 | 696 |
| TOTAL | 51 191 | 54 811 | 90 922 |

| Adjusted Appropriation | Medium-term Expenditure Estimate | | | |
|-------------------------------|---|----------------|----------------|----------------|
| | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
| 61 947 | 66 914 | 53 697 | 56 113 | |
| 61 947 | 66 914 | 53 697 | 56 113 | |
| 27 957 | 37 126 | 38 796 | 40 542 | |
| 16 966 | 23 079 | 24 118 | 25 203 | |
| | | | | |
| 175 | 183 | 191 | 200 | |
| 25 | 27 | 28 | 29 | |
| 191 | 1 818 | 1 900 | 1 986 | |
| 5 649 | 3 970 | 4 149 | 4 335 | |
| - | - | - | - | |
| 527 | 550 | 575 | 601 | |
| 6 | 6 | 6 | 6 | |
| - | - | - | - | |
| - | - | - | - | |
| 4 103 | 7 164 | 7 486 | 7 823 | |
| 314 | 329 | 343 | 359 | |
| | | | | |
| 33 985 | 29 789 | 14 901 | 15 571 | |
| - | - | - | - | |
| 16 642 | 15 530 | - | - | |
| 17 342 | 14 259 | 14 901 | 15 571 | |
| | | | | |
| 5 | - | - | - | |
| - | - | - | - | |
| - | - | - | - | |
| 5 | - | - | - | |
| | | | | |
| 61 947 | 66 914 | 53 697 | 56 113 | |



4.8. STRATEGY AND COMMUNICATIONS

4.8.1. PURPOSE

The Division is responsible for three main functions, namely, Trade & Investment Promotion, Corporate Strategy and Marketing and Communications.

4.8.2. BUSINESS MODEL

Strategically position MEGA's brand visibility locally and internationally, while driving trade and investment promotion to facilitate FDI & LDI to the Province. Lead the development and coordination of corporate plans, divisional plans and systematic evaluations of the entity's performance, strategies, policies, programmes and activities.

4.8.3. VALUE PROPOSITION

The division seeks to:-

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

4.8.4. ANNUAL TARGETS

STRATEGIC GOAL 3: INCREASED ATTRACTION OF SUITABLE INVESTORS TO THE

| OUTCOME | OUTPUT | OUTPUT INDICATORS |
|---|--|--|
| Increased investment attracted through trade and investment promotion | Facilitation of FDI / LDI Investment projects in Mpumalanga until implementation | Value (R) of FDI / LDI MEGA facilitated projects implemented during the period |
| | Facilitation of new FDI / LDI Investment projects for Mpumalanga | Number of new FDI / LDI projects under facilitation for the period |
| | Undertake Outward Investment Promotion Missions | Number of Outward / inward Investment Recruitment Missions undertaken |
| | Render assistance to potential investors in Mpumalanga | Number of potential Investors engaged |
| | Host a Mpumalanga Investment Conference 2020 | Number of Investment Conference hosted |

PROVINCE BASED ON AN ATTRACTIVE VALUE PROPOSITION AND ATTRACTIVE INVESTMENT OPPORTUNITIES

| Audited/Actual Performance | | | | Estimated Performance | Medium-term Performance Targets | | |
|----------------------------|---------------|---------------|---------------|-----------------------|---------------------------------|---------|--|
| 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | |
| R606m | R500m | R150m | R150m | R200m | R400m | R600m | |
| New Indicator | New Indicator | New Indicator | New Indicator | 6 | 8 | 10 | |
| New Indicator | New Indicator | New Indicator | New Indicator | 4 | 6 | 10 | |
| New Indicator | New Indicator | New Indicator | New Indicator | 15 | 20 | 25 | |
| 1 | 0 | 0 | New Indicator | 1 | 0 | 1 | |

ANNUAL TARGETS (CONTINUED)

STRATEGIC GOAL 4: INCREASED ACCESS TO EXPORT TRADE OPPORTUNITIES

| OUTCOME | OUTPUT | OUTPUT INDICATORS |
|--|---|---|
| Increased access to export trade opportunities for Mpumalanga businesses | Provide Foreign Trade counselling and support to exporters / importers | Number of exporters / importers provided with foreign trade counselling and support |
| | Undertake local trade exhibitions | Number of foreign / local trade exhibitions undertaken |
| | Promote and facilitate the use of the EMIA / SSAS export incentives in Mpumalanga | Number of EMIA / SSAS applications facilitated for Mpumalanga companies |

FOR MPUMALANGA COMPANIES

| Audited/Actual Performance | | | Estimated Performance | Medium-term Performance Targets | | |
|----------------------------|---------------|---------------|-----------------------|---------------------------------|---------|---------|
| 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
| New Indicator | New Indicator | New Indicator | New Indicator | 120 | 140 | 160 |
| New Indicator | New Indicator | New Indicator | New Indicator | 8 | 9 | 10 |
| New Indicator | New Indicator | New Indicator | New Indicator | 5 | 10 | 15 |

ANNUAL TARGETS (CONTINUED)

STRATEGIC GOAL 6: ENHANCED ORGANISATIONAL SUSTAINABILITY

| OUTCOME | OUTPUT | OUTPUT INDICATORS |
|---|--|---|
| Improved organisational performance | Approved of the Performance Information Management Policy | % achieved on MEGA organisational performance |
| Assessed operational and developmental impact | Undertake independent and systematic evaluations of the entity's performance against its mandate | Assessed operational and developmental impact |

STRATEGIC GOAL 7: IMPROVED CORPORATE IMAGE OF MEGA

| OUTCOME | OUTPUT | OUTPUT INDICATORS |
|-------------------------------------|---------------------------------|---|
| Increased MEGA Brand and Reputation | Organisational survey conducted | % achieved on MEGA Brand and Reputation |
| | Organisational survey conducted | Rating achieved on customer satisfaction survey |

| Audited/Actual Performance | | | Estimated Performance | Medium-term Performance Targets | | |
|----------------------------|---------------|---------|-----------------------|---------------------------------|---------|---------|
| 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
| New indicator | 70% | 31% | 70% | 75% | 80% | 85% |
| New indicator | New Indicator | 1 | 1 | 1 | 2 | 2 |

| Audited/Actual Performance | | | Estimated Performance | Medium-term Performance Targets | | |
|----------------------------|--------------|--------------|-----------------------|---------------------------------|---------|---------|
| 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
| Not Measured | Not Measured | Not Measured | 0% | 50% | 60% | 70% |
| Not Measured | Not Measured | 68% | 61% | 70% | 80% | 90% |

4.8.5. QUARTERLY TARGETS

STRATEGIC GOAL 3: INCREASED ATTRACTION OF SUITABLE INVESTORS TO THE

| OUTCOME | OUTPUT | OUTPUT INDICATORS |
|---|--|--|
| Increased investment attracted through trade and investment promotion | Facilitation of FDI / LDI Investment projects in Mpumalanga until implementation | Value (R) of FDI / LDI MEGA facilitated projects implemented during the period |
| | Facilitation of new FDI / LDI Investment projects for Mpumalanga | Number of new FDI / LDI projects under facilitation for the period |
| | Undertake Outward Investment Promotion Missions | Number of Outward / inward Investment Recruitment Missions undertaken |
| | Render assistance to potential investors in Mpumalanga | Number of potential Investors engaged |
| | Host a Mpumalanga Investment Conference 2020 | Number of Investment Conference hosted |

| Reporting Period | Annual Target | Quarterly Targets | | | |
|------------------|---------------|-------------------|-------|-----|-------|
| | | 2020/21 | 1st | 2nd | 3rd |
| Quarterly | R200m | 0 | R100m | 0 | R100m |
| Quarterly | 6 | 1 | 2 | 2 | 1 |
| Quarterly | 8 | 2 | 2 | 2 | 2 |
| Quarterly | 15 | 4 | 4 | 4 | 3 |
| Annually | 1 | - | - | 1 | - |

QUARTERLY TARGETS (CONTINUED)

STRATEGIC GOAL 4: INCREASED ACCESS TO EXPORT TRADE OPPORTUNITIES

| OUTCOME | OUTPUT | OUTPUT INDICATORS |
|--|---|---|
| Increased access to export trade opportunities for Mpumalanga businesses | Provide Foreign Trade counselling and support to exporters / importers | Number of exporters / importers provided with foreign trade counselling and support |
| | Undertake local trade exhibitions | Number of foreign / local trade exhibitions undertaken |
| | Promote and facilitate the use of the EMIA / SSAS export incentives in Mpumalanga | Number of EMIA / SSAS applications facilitated for Mpumalanga companies |

FOR MPUMALANGA COMPANIES

| Reporting Period | Annual Target | Quarterly Targets | | | |
|-------------------------|----------------------|--------------------------|------------|------------|------------|
| | 2020/21 | 1st | 2nd | 3rd | 4th |
| Quarterly | 120 | 30 | 30 | 30 | 30 |
| Quarterly | 8 | 2 | 2 | 2 | 2 |
| Quarterly | 5 | 1 | 2 | 1 | 1 |

QUARTERLY TARGETS (CONTINUED)

STRATEGIC GOAL 6: ENHANCED ORGANISATIONAL SUSTAINABILITY

| OUTCOME | OUTPUT | OUTPUT INDICATORS |
|---|--|--|
| Improved organisational performance | Approval of the Performance Information Management Policy | % achieved on MEGA organisational performance |
| Assessed operational and developmental impact | Undertake independent and systematic evaluations of the entity's performance against its mandate | Number of independent and systematic evaluations of the entity's performance |

STRATEGIC GOAL 7: IMPROVED CORPORATE IMAGE OF MEGA

| OUTCOME | OUTPUT | OUTPUT INDICATORS |
|-------------------------------------|---------------------------------|---|
| Increased MEGA Brand and Reputation | Organisational survey conducted | % achieved on MEGA Brand and Reputation |
| | Organisational survey conducted | Rating achieved on customer satisfaction survey |



| Reporting Period | Annual Target | Quarterly Targets | | | |
|------------------|---------------|-------------------|-----|-----|-----|
| | 2020/21 | 1st | 2nd | 3rd | 4th |
| Annually | 75% | 45% | 55% | 65% | 75% |
| Annually | 1 | 1 | 0 | 0 | 0 |

| Reporting Period | Annual Target | Quarterly Targets | | | |
|------------------|---------------|-------------------|-----|-----|-----|
| | 2020/21 | 1st | 2nd | 3rd | 4th |
| Annually | 50% | 50% | 0 | 0 | 0 |
| Annually | 70% | 70% | 0 | 0 | 0 |

4.8.6. RECONCILING PERFORMANCE TARGETS WITH THE BUDGET & MTEF

| Sub programme | Expenditure Outcome | | |
|---|----------------------------|---------------|---------------|
| | 2017/18 | 2018/19 | 2019/20 |
| R THOUSAND | | | |
| Trade & Investment | 13 478 | 8 544 | 9 066 |
| Corporate Strategy | 2 415 | 2 533 | 4 851 |
| Marketing & Communications | 6 127 | 6 458 | 3 694 |
| TOTAL | 22 020 | 17 536 | 17 610 |
| Current payments | 22 020 | 17 536 | 17 610 |
| Compensation of employees | 9 050 | 9 858 | 9 944 |
| Goods and services | | | |
| of which: | | | |
| Accommodation and travelling | 597 | 465 | 520 |
| Advertising / marketing | 1 715 | 2 219 | 129 |
| Briefing sessions / workshops | 211 | - | 191 |
| Catering / conferences | 26 | 16 | 22 |
| Corporate gifts | 2 | 5 | 7 |
| Customer surveys & operational excellence | 220 | 73 | - |
| Daily allowances - international | 200 | 138 | 300 |
| Foreign and outward exhibitions / missions | 2 237 | 1 002 | 1 500 |
| Host investor conference | 2 755 | - | - |
| Inward and local investment seminars and missions | 493 | 618 | 700 |
| Professional fees | 3 546 | 2 097 | 2 908 |
| Statutory reports compilation | 303 | 684 | 820 |
| Strategic workshops | 565 | 294 | 412 |
| Subscriptions and licences | 100 | 69 | 157 |
| TOTAL | 22 020 | 17 536 | 17 610 |

| Adjusted Appropriation | Medium-term Expenditure Estimate | | | |
|-------------------------------|---|---------------|---------------|---------|
| | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
| 8 883 | 10 818 | 11 305 | 11 814 | |
| 2 682 | 5 909 | 6 174 | 6 452 | |
| 2 913 | 6 680 | 6 980 | 7 294 | |
| 14 477 | 23 407 | 24 460 | 25 561 | |
| 14 477 | 23 407 | 24 460 | 25 561 | |
| 10 170 | 12 587 | 13 153 | 13 745 | |
| | | | | |
| 373 | 390 | 408 | 426 | |
| 80 | 2 379 | 2 487 | 2 598 | |
| 97 | 178 | 186 | 194 | |
| 17 | 17 | 18 | 19 | |
| - | - | - | - | |
| 486 | 508 | 530 | 554 | |
| 278 | 450 | 470 | 491 | |
| 1 408 | 2 000 | 2 090 | 2 184 | |
| - | - | - | - | |
| 192 | 975 | 1 019 | 1 065 | |
| 218 | 1 972 | 2 061 | 2 153 | |
| 1 054 | 1 265 | 1 322 | 1 381 | |
| 46 | 600 | 627 | 655 | |
| 58 | 86 | 89 | 93 | |
| 14 477 | 23 407 | 24 460 | 25 561 | |



4.9. PROPERTIES AND INFRASTRUCTURE

4.9.1. 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.

4.9.2. BUSINESS MODEL

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

4.9.3. 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.

4.9.4. ANNUAL TARGETS

STRATEGIC GOAL 2: INCREASED IMPLEMENTATION OF SUITABLE HIGH IMPACT

| OUTCOME | OUTPUT | OUTPUT INDICATORS |
|--|---------------------------------|---|
| Completed and functional Mpumalanga International Fresh Produce Market | MIFPM Project implemented | % progress in the construction of the Mpumalanga International Fresh Produce Market |
| Completed and functional Nkomazi Special Economic Zone | Nkomazi SEZ Project implemented | Progress in the implementation of the Nkomazi SEZ Entity |

STRATEGIC GOAL 3: INCREASED ATTRACTION OF SUITABLE INVESTORS TO THE

| OUTCOME | OUTPUT | OUTPUT INDICATORS |
|--|--|--|
| Increased investment attracted into the property portfolio | Strategic Development Partners' proposals approved by the Board | Value of Strategic Development Partners' investment approved by the Board |
| | Funding proposal approved by the dtic to revitalize the Property Portfolio | Value of revitalization funds approved by government and/or development finance institutions |

10. Construction of the Agro Processing building (measured quarterly in terms of % progress).
11. Completion of the main market and ancillary building (measured quarterly in terms of % progress).
12. Operationalisation of the market (measured quarterly in terms of % progress).
13. Fill at least 75% of the critical positions (measured quarterly in terms of % progress).

INVESTMENTS OPPORTUNITIES IN THE PROVINCE

| Audited/Actual Performance | | | Estimated Performance | Medium-term Performance Targets | | |
|----------------------------|---------------|---------------|---|---|--|--|
| 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
| New Indicator | New Indicator | New Indicator | Completed enabling infrastructure | 100% completion of Phase 1 ¹⁰ | 100% completion of Phase 2 ¹¹ | 100% completion of Phase 3 ¹² |
| New Indicator | New Indicator | New Indicator | SEZ Designation and establishment of the Nkomazi SEZ entity | Establishment of the Nkomazi SEZ entity ¹³ | Appointment of an SEZ Operator | Development of the SEZ |

PROVINCE BASED ON AN ATTRACTIVE VALUE PROPOSITION AND ATTRACTIVE INVESTMENT OPPORTUNITIES

| Audited/Actual Performance | | | Estimated Performance | Medium-term Performance Targets | | |
|----------------------------|---------------|---------------|-----------------------|---------------------------------|---------|---------|
| 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
| New Indicator | New Indicator | New Indicator | New Indicator | R350m | R400m | R500m |
| New Indicator | New Indicator | New Indicator | R50m | R150m | R200m | R300m |

ANNUAL TARGETS (CONTINUED)

STRATEGIC GOAL 5: PROGRESSIVELY INCREASE OWN REVENUE GENERATION

| OUTCOME | OUTPUT | OUTPUT INDICATORS |
|--|---|--|
| Progressively increase own revenue generation and collection to achieve financial sustainability | Billed revenue from the property portfolio (rental and utilities) | Value of annual rental revenue generated from the property portfolio |
| | Increase occupation of the Property Portfolio | % achieved in occupancy rate of the property portfolio |

AND COLLECTION TO ACHIEVE FINANCIAL SUSTAINABILITY

| Audited/Actual Performance | | | Estimated Performance | Medium-term Performance Targets | | |
|----------------------------|---------------|---------------|-----------------------|---------------------------------|---------|---------|
| 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
| New Indicator | New Indicator | New Indicator | R40m | R45m | R50m | R55m |
| New Indicator | New Indicator | New Indicator | 65% | 70% | 80% | 90% |

4.9.5. QUARTERLY TARGETS

STRATEGIC GOAL 2: INCREASED IMPLEMENTATION OF SUITABLE HIGH IMPACT

| OUTCOME | OUTPUT | OUTPUT INDICATORS |
|--|---------------------------------|---|
| Completed and functional Mpumalanga International Fresh Produce Market | MIFPM Project implemented | % progress in the construction of the Mpumalanga International Fresh Produce Market |
| Completed and functional Nkomazi Special Economic Zone | Nkomazi SEZ Project implemented | Progress in the implementation of the Nkomazi SEZ Entity |

STRATEGIC GOAL 3: INCREASED ATTRACTION OF SUITABLE INVESTORS TO THE

| OUTCOME | OUTPUT | OUTPUT INDICATORS |
|--|--|--|
| Increased investment attracted into the property portfolio | Strategic Development Partners' proposals approved by the Board | Value of Strategic Development Partners' investment approved by the Board |
| | Funding proposal approved by the dtic to revitalize the Property Portfolio | Value of revitalization funds approved by government and/or development finance institutions |

- 14. Construction of the Agro Processing building (measured quarterly in terms of % progress)
- 15. Commence operationalization of the Agro-Processing building
- 16. Registration of the entity, appointment of the Board and Executives of the entity is the responsibility of DEDT
- 17. At least 75% of the critical positions filled

INVESTMENTS OPPORTUNITIES IN THE PROVINCE

| Reporting Period | Annual Target | | Quarterly Targets | | |
|------------------|---|----------------|-------------------|-------------------------------|-----------------------|
| | 2020/21 | 1st | 2nd | 3rd | 4th |
| Quarterly | 100% completion of Phase 1 ¹⁴ | 20% | 30% | 70% | 100% ¹⁵ |
| Quarterly | Establishment of the SEZ Entity ¹⁶ | Capacitate PMU | 0 | Procure PMU Technical Support | Complete SEZ Strategy |

PROVINCE BASED ON AN ATTRACTIVE VALUE PROPOSITION AND ATTRACTIVE INVESTMENT OPPORTUNITIES

| Reporting Period | Annual Target | | Quarterly Targets | | |
|------------------|---------------|-----|-------------------|-------|------|
| | 2020/21 | 1st | 2nd | 3rd | 4th |
| Quarterly | R350m | R0m | R150m | R200m | R0m |
| Quarterly | R150m | R0m | R50m | R50m | R50m |

QUARTERLY TARGETS (CONTINUED)

STRATEGIC GOAL 5: PROGRESSIVELY INCREASE OWN REVENUE GENERATION

| OUTCOME | OUTPUT | OUTPUT INDICATORS |
|--|---|--|
| Progressively increase own revenue generation and collection to achieve financial sustainability | Billed revenue from the property portfolio (rental and utilities) | Value of annual rental revenue generated from the property portfolio |
| | Increase occupation of the Property Portfolio | % achieved in occupancy rate of the property portfolio |

AND COLLECTION TO ACHIEVE FINANCIAL SUSTAINABILITY

| Reporting Period | Annual Target | Quarterly Targets | | | |
|-------------------------|----------------------|--------------------------|------------|------------|------------|
| | 2020/21 | 1st | 2nd | 3rd | 4th |
| Quarterly | R45m | R10m | R15m | R10m | R10m |
| Annually | 70% | 0 | 0 | 0 | 70% |

4.9.6. RECONCILING PERFORMANCE TARGETS WITH THE BUDGET & MTEF

| Sub programme | Expenditure Outcome | | |
|---|----------------------------|----------------|----------------|
| | 2017/18 | 2018/19 | 2019/20 |
| R THOUSAND | | | |
| Properties & Infrastructure | 255 514 | 495 299 | 144 175 |
| TOTAL | 255 514 | 495 299 | 144 175 |
| Current payments | 133 595 | 134 491 | 144 175 |
| Compensation of employees | 14 231 | 14 447 | 14 900 |
| Goods and services | | | |
| of which: | | | |
| Accommodation and travelling | 445 | 291 | 558 |
| Advertising | - | - | - |
| Bad debts | - | - | - |
| Bulk services - electricity and water | 63 361 | 63 138 | 77 006 |
| Catering / conferencing | 143 | 26 | 19 |
| Cleaning services | 294 | 195 | 445 |
| Depreciation | - | - | - |
| Insurance fees | 6 824 | 8 125 | 8 999 |
| Maintenance and repairs | 4 345 | 2 793 | 1 076 |
| Operating leases - building | 7 806 | 9 329 | 10 574 |
| Other expenses | 21 | 5 | 6 |
| Professional fees | 8 740 | 5 689 | 145 |
| Protective clothing | 20 | 98 | - |
| Security services | 13 940 | 16 322 | 14 272 |
| Specialised services - electrical, landfill and water waste | 4 388 | 4 906 | 5 815 |
| Storage expenses | - | - | - |
| Subscriptions and licenses | 61 | 481 | 669 |
| Vehicle cost | 126 | 206 | 255 |
| Water and electricity | 8 849 | 8 441 | 9 437 |

| Adjusted Appropriation | Medium-term Expenditure Estimate | | | |
|-------------------------------|---|----------------|----------------|---------|
| | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
| 150 731 | 172 958 | 171 654 | 179 379 | |
| 150 731 | 172 958 | 171 654 | 179 379 | |
| 147 852 | 162 958 | 170 291 | 177 955 | |
| 14 915 | 21 391 | 22 353 | 23 359 | |
| | | | | |
| 35 | 36 | 38 | 40 | |
| - | - | - | - | |
| - | - | - | - | |
| 80 300 | 81 911 | 85 597 | 89 449 | |
| 4 | 4 | 4 | 4 | |
| 243 | 256 | 267 | 279 | |
| - | - | - | - | |
| 8 943 | 10 125 | 10 581 | 11 057 | |
| 1 313 | 2 899 | 3 030 | 3 166 | |
| 10 240 | 10 816 | 11 303 | 11 812 | |
| 4 | 4 | 4 | 5 | |
| 47 | 49 | 51 | 54 | |
| - | - | - | - | |
| 18 858 | 19 858 | 20 751 | 21 685 | |
| 4 405 | 6 679 | 6 980 | 7 294 | |
| - | - | - | - | |
| 51 | 53 | 55 | 58 | |
| 92 | 96 | 101 | 105 | |
| 8 402 | 8 780 | 9 175 | 9 588 | |

RECONCILING PERFORMANCE TARGETS WITH THE BUDGET & MTEF
(CONTINUED)

| Sub programme | Expenditure Outcome | | |
|--|---------------------|----------------|----------------|
| R THOUSAND | 2017/18 | 2018/19 | 2019/20 |
| Financial obligations | - | - | - |
| City of Tshwane Debt | - | - | - |
| Payments for capital assets | 13 089 | 8 493 | - |
| Bulk infrastructure - transformer / electric network | 1 531 | - | - |
| Property - renovations | 11 558 | 8 493 | - |
| Strategic Initiatives | 108 830 | 352 314 | - |
| Nkomazi Special Economic Zone (SEZ) | 8 447 | 2 550 | - |
| 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 | - |
| TOTAL | 255 514 | 495 299 | 144 175 |

| Adjusted Appropriation | Medium-term Expenditure Estimate | | | |
|-------------------------------|---|----------------|----------------|---------|
| | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
| - | - | - | - | - |
| - | - | - | - | - |
| 224 | 10 000 | 1 363 | 1 424 | |
| - | 8 696 | - | - | - |
| 224 | 1 304 | 1 363 | 1 424 | |
| 2 656 | - | - | - | - |
| 2 448 | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 207 | - | - | - | - |
| - | - | - | - | - |
| 150 731 | 172 958 | 171 654 | 179 379 | |



LOANS

4.10. FUNDING

4.10.1. 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 is:-

- i. 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.
- ii. Promoting and facilitating 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.
- iii. Provision of non-financial support through training, capacity-building, mentorship, counselling, market facilitation and linkages.

4.10.2. BUSINESS MODEL

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

4.10.3. VALUE PROPOSITION

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

4.10.4. ANNUAL TARGETS

STRATEGIC GOAL 1: INCREASED PARTICIPATION IN THE ECONOMY BY

| OUTCOME | OUTPUT | OUTPUT INDICATORS |
|---|---|---|
| Increased access to funding for businesses | Approved business loans | Value of business loans approved |
| | Disbursed business loans | Value of business loans disbursed |
| Increased access to funding for housing clients | Approved housing loans | Value of housing loans approved |
| | Disbursed housing loans | Value of housing loans disbursed |
| Improved sustainability of businesses | Post investment support provided | Number of businesses provided with post investment support |
| Improved quality of life through home ownership | Post investment support provided | Number of housing clients provided with post investment support |
| Improved sustainability of equity investments | Perform oversight on equity investments | Number of equity investment monitoring reports |

ENTREPRENEURS AND COMPANIES WITHIN THE DESIGNATED GROUPS

| Audited/Actual Performance | | | Estimated Performance | Medium-term Performance Targets | | | |
|----------------------------|---------------|---------------|-----------------------|---------------------------------|---------|---------|--|
| 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | |
| R72.2m | R8.5m | R5.3m | R28.1m | R2m | R40m | R50m | |
| R22m | R25.5m | R7.3m | R26.1m | R14.2m | R32m | R40m | |
| R11.3m | R7.8m | R2.6m | R2m | 4 | 6 | 10 | |
| R8.5m | R9m | R1.1m | R2m | R6.45m | R8m | R10m | |
| New Indicator | New Indicator | New Indicator | New Indicator | 90 | 100 | 150 | |
| New Indicator | New Indicator | New Indicator | New Indicator | 100 | 120 | 130 | |
| New Indicator | New Indicator | New Indicator | New Indicator | 4 | 4 | 4 | |

4.10.5. QUARTERLY TARGETS

STRATEGIC GOAL 1: INCREASED PARTICIPATION IN THE ECONOMY BY ENTREPRENEURS

| OUTCOME | OUTPUT | OUTPUT INDICATORS |
|---|---|---|
| Increased access to funding for businesses | Approved business loans | Value of business loans approved |
| | Disbursed business loans | Value of business loans disbursed |
| Increased access to funding for housing clients | Approved housing loans | Value of housing loans approved |
| | Disbursed housing loans | Value of housing loans disbursed |
| Improved sustainability of businesses | Post investment support provided | Number of businesses provided with post investment support |
| Improved quality of life through home ownership | Post investment support provided | Number of housing clients provided with post investment support |
| Improved sustainability of equity investments | Perform oversight on equity investments | Number of equity investment monitoring reports |

AND COMPANIES WITHIN THE DESIGNATED GROUPS

| Reporting Period | Annual Target | Quarterly Targets | | | | |
|------------------|---------------|-------------------|--------|--------|--------|--------|
| | | 2020/21 | 1st | 2nd | 3rd | 4th |
| Quarterly | R2m | | R500k | R500k | R500k | R500k |
| Quarterly | R14.2m | | R11.6m | R1.6m | R500k | R500k |
| Quarterly | R5m | | R1.25m | R1.25m | R1.25m | R1.25m |
| Quarterly | R6.45m | | R1.7m | R1.75m | R1.75m | R1.25m |
| Quarterly | 90 | | 30 | 30 | 15 | 15 |
| Quarterly | 100 | | 25 | 25 | 25 | 25 |
| Quarterly | 4 | | 1 | 1 | 1 | 1 |

4.10.6. RECONCILING PERFORMANCE TARGETS WITH THE BUDGET & MTEF

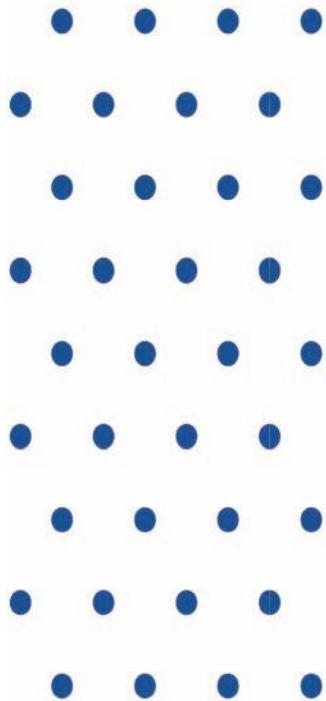
| Sub programme | Expenditure Outcome | | |
|--|----------------------------|----------------|----------------|
| | 2017/18 | 2018/19 | 2019/20 |
| R THOUSAND | | | |
| Equity Investments | 28 509 | 16 250 | 31 298 |
| Funding | 168 039 | 158 504 | 80 228 |
| TOTAL | 196 549 | 174 754 | 111 527 |
| Current payments | 62 466 | 57 310 | 66 976 |
| Compensation of employees | 45 588 | 48 219 | 46 315 |
| Goods and services | | | |
| of which: | | | |
| Accommodation and travelling | 129 | 40 | 31 |
| Advertising | (0) | - | - |
| Bad debts | - | - | - |
| Catering / refreshments | 33 | 29 | 36 |
| Cleaning cost | 96 | 67 | 87 |
| Consumables / groceries | 15 | 5 | 4 |
| Cost of sales - lemons | 1 448 | 14 | 1 934 |
| Cost of sales - wine | 11 | 10 | 7 |
| Depreciation | - | - | - |
| EPWP | 912 | 784 | 1 220 |
| Farm purchases | 1 984 | 3 487 | 9 059 |
| Fees paid - commission, taxes and levies | 110 | 24 | 2 |
| Interest paid - DBSA loan | - | - | - |
| Maintenance and repairs | 374 | 98 | 112 |
| Management fees | - | - | - |
| Other expenditure | - | 2 | - |
| Packaging cost | 2 435 | 508 | 3 326 |
| Professional fees | 6 018 | 196 | 350 |
| Protective clothing | 63 | 60 | 0 |
| Rent - building | 88 | 118 | 333 |
| Rental - equipment | 39 | 791 | 667 |

| Adjusted Appropriation | Medium-term Expenditure Estimate | | | |
|-------------------------------|---|----------------|----------------|----------------|
| | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
| 33 765 | 32 608 | 34 076 | 35 609 | |
| 79 995 | 65 311 | 62 607 | 65 425 | |
| 113 759 | 97 920 | 96 683 | 101 034 | |
| 70 969 | 75 272 | 78 659 | 82 199 | |
| 50 155 | 50 771 | 53 055 | 55 443 | |
| | | | | |
| 13 | 7 | 7 | 8 | |
| - | - | - | - | |
| - | - | - | - | |
| 3 | 3 | 3 | 3 | |
| 1 | 1 | 1 | 1 | |
| 4 | 5 | 5 | 5 | |
| 3 859 | 3 175 | 3 318 | 3 467 | |
| 4 | 5 | 5 | 5 | |
| - | - | - | - | |
| 1 000 | 1 200 | 1 254 | 1 310 | |
| 3 275 | 7 873 | 8 228 | 8 598 | |
| 61 | 64 | 67 | 70 | |
| - | - | - | - | |
| 6 | 7 | 7 | 7 | |
| 144 | 575 | 601 | 628 | |
| 24 | 25 | 27 | 28 | |
| 6 745 | 5 244 | 5 480 | 5 726 | |
| 1 026 | 1 240 | 1 296 | 1 354 | |
| 37 | 4 | 4 | 5 | |
| 66 | - | - | - | |
| 786 | 1 242 | 1 298 | 1 356 | |

RECONCILING PERFORMANCE TARGETS WITH THE BUDGET & MTEF
(CONTINUED)

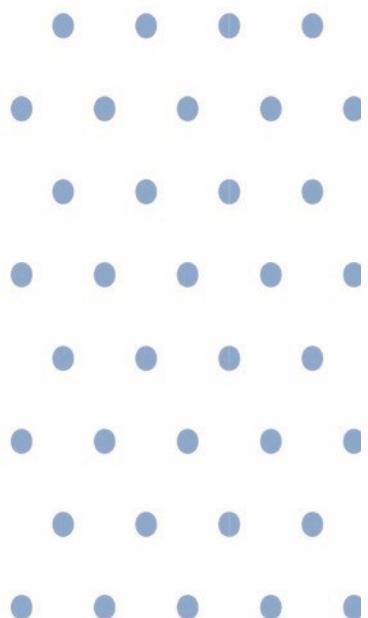
| Sub programme | Expenditure Outcome | | |
|---|---------------------|----------------|----------------|
| R THOUSAND | 2017/18 | 2018/19 | 2019/20 |
| Security services | 1 045 | 1 019 | 1 036 |
| Subscriptions and licences | 35 | 35 | 56 |
| Vehicle cost | 146 | 55 | 545 |
| Water and electricity | 1 901 | 1 751 | 1 856 |
| Workshops | - | - | - |
| Financial obligations | 9 389 | 5 350 | 7 005 |
| DBSA loan repayments | 9 389 | 5 350 | 7 005 |
| Capital assets | - | - | 1 380 |
| Motor vehicles | - | - | 771 |
| Plant and machinery | - | - | 609 |
| Loan Advances | 45 380 | 34 529 | 28 122 |
| Home loans | 8 701 | 9 163 | 13 030 |
| SMME and Co-Ops | 27 280 | 21 270 | 8 118 |
| Agricultural loans | 9 399 | 4 095 | 6 974 |
| Strategic Initiatives | 79 314 | 77 565 | 8 043 |
| Donkerhoek Bottling Plant | 327 | 315 | 339 |
| Economic rejuvenation fund | 5 216 | - | - |
| Establishment of a Creative Industry Commission | - | 2 228 | - |
| Government Nutrition Programme | 73 219 | 72 695 | 7 704 |
| SABS product certification programme | - | - | - |
| Sanitary towel Programme | - | - | - |
| SMME kick start programme | - | 2 259 | - |
| Township Revitalisation Initiative | 496 | - | - |
| Tyre business Programme | 56 | 68 | - |
| Mining incubation | - | - | - |
| Township Recapitalisation | - | - | - |
| TOTAL | 196 549 | 174 754 | 111 527 |

| Adjusted Appropriation | Medium-term Expenditure Estimate | | | |
|-------------------------------|---|----------------|----------------|----------------|
| | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
| 1 317 | 1 376 | 1 438 | 1 503 | |
| 60 | 63 | 66 | 69 | |
| 102 | 12 | 13 | 13 | |
| 2 278 | 2 380 | 2 487 | 2 599 | |
| - | - | - | - | |
| 6 871 | - | - | - | |
| 6 871 | - | - | - | |
| - | - | - | - | |
| - | - | - | - | |
| - | - | - | - | |
| 19 264 | 16 246 | 16 977 | 17 741 | |
| 2 118 | 2 779 | 2 904 | 3 035 | |
| 17 146 | 13 467 | 14 073 | 14 706 | |
| - | - | - | - | |
| 16 655 | 6 402 | 1 047 | 1 094 | |
| 269 | 1 002 | 1 047 | 1 094 | |
| - | - | - | - | |
| - | - | - | - | |
| 14 350 | - | - | - | |
| 2 037 | 5 400 | - | - | |
| - | - | - | - | |
| - | - | - | - | |
| - | - | - | - | |
| - | - | - | - | |
| 113 759 | 97 920 | 96 683 | 101 034 | |



PART C

LINKS TO OTHER PLANS



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

5.1 CONDITIONAL GRANTS

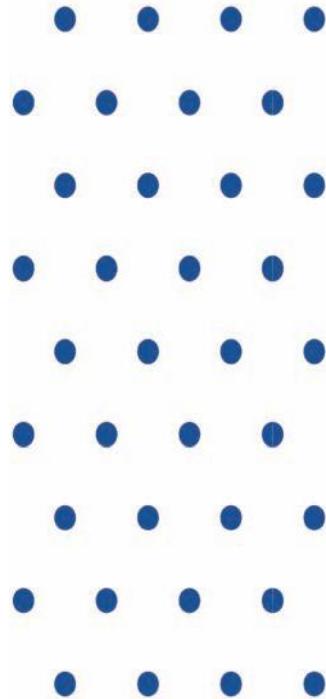
MEGA received a conditional grant to implement various provincial government projects in line with its mandate.

5.2 PUBLIC ENTITIES

Not applicable.

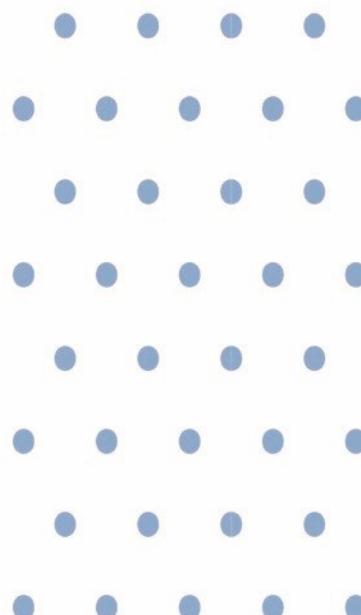
5.3 PUBLIC-PRIVATE PARTNERSHIPS

Not applicable.



PART D

MISSION, VISION & VALUES



6. VISION, MISSION AND VALUES

6.1 OUR VISION

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

6.2 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.

6.3 OUR CORE VALUES

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

6.4 OUR PRODUCTS AND SERVICES

6.4.1. Clients and Products:

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

6.4.2. Services:

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

6.5 OUR VALUE PROPOSITION

To achieve our vision, we aspire to:

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

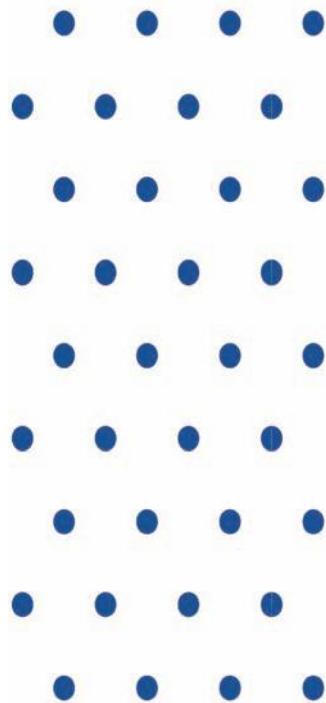
6.6 PILLARS OF OUR STRATEGY

6.6.1. External Focus

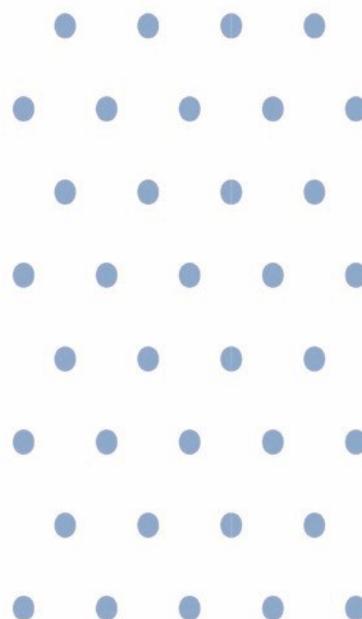
- i. Proactively generate and facilitate strategic high impact investments in the province.
- ii. Develop and leverage strategic partnerships with a range of investors in private sector and major development finance institutions.

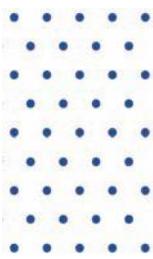
6.6.2. Internal Focus

- i. Reduce dependence on government grants and ensure long term financial sustainability.
- ii. Build organizational capabilities to successfully execute new strategy (systems, processes, structure, people, culture, image).



TECHNICAL INDICATOR DESCRIPTORS





FUNDING

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

| | |
|----------------------------------|--|
| Indicator title | Value of business loans approved |
| Short definition | It is the value of loans approved in favor of SMMEs, Agricultural Businesses, Cooperatives |
| Purpose definition | To measure value of financial support provided to SMMEs, Agricultural Businesses, Cooperatives |
| Source/collection of data | Information is derived from signed minutes and/or resolutions extracts |
| Method of calculation | A tally of the value of loans approved as shown on the minutes and/or resolutions |
| Data limitations | Signed minutes might not be immediately available, as they are normally approved in the next sitting |
| Type of indicator | Measures output |
| Calculation type | Normal addition / non-cumulative |
| Reporting cycle | Quarterly |
| New indicator | Yes |
| Desired performance | Increase in value to meet the target set in respect of loans approval |
| Indicator responsibility | General Manager: Funding |

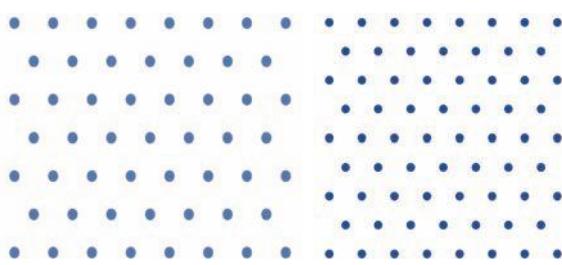
| | |
|----------------------------------|--|
| Indicator title | Value of business loans disbursed |
| Short definition | It is the value of loans disbursed to SMMEs, Agricultural Businesses, Cooperatives |
| Purpose definition | To measure extent of loans disbursed to SMMEs, Agricultural Businesses, Cooperatives |
| 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 the loans disbursed |
| Data limitations | A loan agreement which could not be implemented due to unforeseen and unpreventable circumstances |
| Type of indicator | Measures output |
| Calculation type | Normal addition / non-cumulative |
| Reporting cycle | Quarterly |
| New indicator | No |
| Desired performance | Increase in the value of loans disbursed in order to meet the target set in respect of loans disbursement. |
| Indicator responsibility | General Manager: Funding |

| | |
|----------------------------------|--|
| Indicator title | Value of housing loans approved |
| Short definition | It is the value of loans approved in favor of Housing clients |
| Purpose definition | To measure value of financial support provided to Housing clients |
| Source/collection of data | Information is derived from signed minutes and/or resolutions extracts |
| Method of calculation | A tally of the value of loans approved as shown on the minutes and/or resolutions |
| Data limitations | Signed minutes might not be immediately available, as they are normally approved in the next sitting |
| Type of indicator | Measures output |
| Calculation type | Normal addition / non-cumulative |
| Reporting cycle | Quarterly |
| New indicator | Yes |
| Desired performance | Increase in value to meet the target set in respect of loans approval |
| Indicator responsibility | General Manager: Funding |

| | |
|----------------------------------|--|
| Indicator title | Value of housing loans disbursed |
| Short definition | It is the value of loans disbursed to housing clients |
| Purpose definition | To measure extent of loans disbursed to 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 the loans disbursed |
| Data limitations | A loan agreement which could not be implemented due to unforeseen and unpreventable circumstances |
| Type of indicator | Measures output |
| Calculation type | Normal addition / non-cumulative |
| Reporting cycle | Quarterly |
| New indicator | No |
| Desired performance | Increase in the value of loans disbursed in order to meet the target set in respect of loans disbursement. |
| Indicator responsibility | General Manager: Funding |

| | |
|----------------------------------|--|
| Indicator title | Number of businesses and housing clients provided with post investment support |
| Short definition | It is the number of businesses and housing clients provided with post investment support |
| Purpose definition | To measure number of businesses and housing clients provided with post investment support |
| Source/collection of data | Information is derived from post investment support reports |
| Method of calculation | A tally of post investment support provided |
| Data limitations | None |
| Type of indicator | Measures output |
| Calculation type | Normal addition / non-cumulative |
| Reporting cycle | Quarterly |
| New indicator | Yes |
| Desired performance | Increase in number of businesses and housing clients provided with post investment support |
| Indicator responsibility | General Manager: Funding |

| | |
|----------------------------------|--|
| Indicator title | Number equity investment monitoring reports |
| Short definition | It is the number of equity investment monitoring reports developed |
| Purpose definition | To measure number of equity investment monitoring reports developed |
| Source/collection of data | Information is derived from equity investment monitoring reports developed |
| Method of calculation | A tally of equity investment monitoring reports developed |
| Data limitations | Possible lack of access to raw data |
| Type of indicator | Measures output |
| Calculation type | Normal addition / non-cumulative |
| Reporting cycle | Quarterly |
| New indicator | Yes |
| Desired performance | Increased sustainability of equity investments |
| Indicator responsibility | General Manager: Funding |



PROPERTIES AND INFRASTRUCTURE

Strategic Goal 2: Increased implementation of suitable high impact investments opportunities in the province in the province by injecting own funds

| | |
|----------------------------------|---|
| Indicator title | % progress in the construction of the Mpumalanga International Fresh Produce Market |
| Short definition | Physical progress made in the implementation of the Mpumalanga International Fresh Produce Market |
| Purpose definition | It measures (in cumulative percentage terms) the proportion of project activities/milestones completed against the total ¹ number of activities/milestones planned for the period under review |
| Source/collection of data | Board / EXCO approved progress reports on the implementation of the project(s) or progress reports from the contractors, project manager, etc. |
| Method of calculation | Completed tasks/milestones in relation to the number of planned activities/milestones for the period under review, where 100% represents completion of the activity/milestone planned for the period |
| Data limitations | None |
| Type of indicator | Measures project implementation progress |
| Calculation type | Cumulative percentage calculation |
| Reporting cycle | Quarterly |
| New indicator | No |
| Desired performance | To achieve the set target which indicates progress in the implementation of the project |
| Indicator responsibility | General Manager: Properties & Infrastructure |

PROPERTIES AND INFRASTRUCTURE (CONTINUED)

Strategic Goal 2: Increased implementation of suitable high impact investments opportunities in the province in the province by injecting own funds

| | |
|----------------------------------|---|
| Indicator title | Progress in the implementation of the Nkomazi SEZ Entity |
| Short definition | Physical progress made in the implementation of the Nkomazi Special Economic Zone project |
| Purpose definition | It measures project activities/milestones completed against the total number of activities/milestones planned for the period under review |
| Source/collection of data | Board / EXCO approved progress reports on the implementation of the project(s) / progress reports from the contractors, project manager, etc. |
| Method of calculation | Completed tasks/milestones in relation to the number of planned activities/milestones for the period under review |
| Data limitations | None |
| Type of indicator | Measures project implementation progress |
| Calculation type | Cumulative percentage calculation |
| Reporting cycle | Quarterly |
| New indicator | No |
| Desired performance | To achieve the set target which indicates progress in the implementation of the project |
| Indicator responsibility | General Manager: Properties & Infrastructure |

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

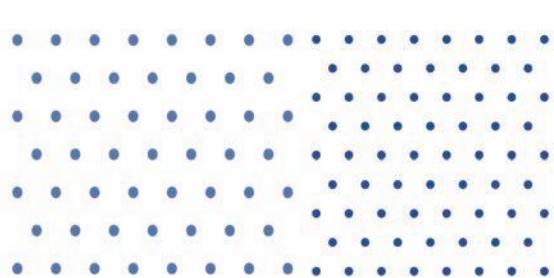
| | |
|----------------------------------|--|
| Indicator title | Value of Strategic Development Partners' investment approved by the Board |
| Short definition | The approval of investment development opportunities by Strategic Development Partners for reinvesting into the property portfolio |
| Purpose definition | It measures the cumulative amount of investment development opportunities by Strategic Development Partners approved for reinvesting into the property portfolio |
| Source/collection of data | Board minutes/resolutions on approved development project(s) |
| Method of calculation | Cumulative rand value of investments attracted |
| Data limitations | No limitations |
| Type of indicator | Measures the cumulative value of investment development opportunities by Strategic Development Partners approved for reinvesting into the property portfolio |
| Calculation type | Normal addition |
| Reporting cycle | Quarterly |
| New indicator | No |
| Desired performance | To achieve the targeted investment value into the Property Development Portfolio during the period under review |
| Indicator responsibility | General Manager: Properties & Infrastructure |

| | |
|----------------------------------|--|
| Indicator title | Value of revitalization funds approved by government and / or development finance institutions |
| Short definition | The cumulative rand value of investment attracted into the property portfolio |
| Purpose definition | It measures the cumulative amount of investment attracted from external sources (investors, partners and financiers) |
| Source/collection of data | Allocation/funding letters from investors, partners and financiers |
| Method of calculation | Cumulative rand value of investments attracted |
| Data limitations | No limitations |
| Type of indicator | Measures the cumulative value of investment attracted to infrastructure projects during the period under review |
| Calculation type | Normal addition |
| Reporting cycle | Quarterly |
| New indicator | Yes |
| Desired performance | To achieve the targeted investment value into the Property Development Portfolio during the period under review |
| Indicator responsibility | General Manager: Properties & Infrastructure |

| | |
|---|--|
| Strategic Goal 6: Progressively increase own revenue generation and collection to achieve financial sustainability | |
| Indicator title | Value of annual rental revenue generated from the property portfolio |
| Short definition | This refers to the rand value of revenue collected from the leasing activities across the property portfolio |
| Purpose definition | This measures the rand value of revenue collected from the leasing activities across the property portfolio |
| Source/collection of data | Management accounts or reports from financial system |
| Method of calculation | A tally on the total revenue collected from leasing activities across the property portfolio |
| Data limitations | None |
| Type of indicator | Measures revenue from letting activities |
| Calculation type | Normal addition |
| Reporting cycle | Quarterly |
| New indicator | No |
| Desired performance | Increased collection rate as per the aging (key element towards financial sustainability) |
| Indicator responsibility | General Manager: Properties & Infrastructure |

Strategic Goal 6: Progressively increase own revenue generation and collection to achieve financial sustainability (Continued)

| | |
|----------------------------------|--|
| Indicator title | % achieved in occupancy rate of the property portfolio |
| Short definition | A percentage of the total lettable area of the property portfolio occupied by tenants during the period under review |
| Purpose definition | To measure, in percentage terms, the level of occupancy across the property portfolio during the period under review |
| Source/collection of data | Occupancy reports generated from MEGA's property management system |
| Method of calculation | Total lettable area occupied divided by the total lettable area in the property portfolio |
| Data limitations | No limitations |
| Type of indicator | Measures the level of occupancy across the property portfolio |
| Calculation type | Cumulative |
| Reporting cycle | Annually |
| New indicator | No |
| Desired performance | Increase in the occupancy rate across the property portfolio |
| Indicator responsibility | General Manager: Properties & Infrastructure |



STRATEGY AND COMMUNICATIONS

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

| | |
|----------------------------------|---|
| Indicator title | Value (R) of FDI / LDI MEGA facilitated projects implemented during the period |
| Short definition | Facilitate implementation of investment projects in the province |
| Purpose definition | This indicator measures the value of projects that reached implementation stage i.e. agreements signed and preparations for project implementation commenced |
| Source/collection of data | Proof of Project's Existence: Signed agreements, EIA reports, Business Plans, Stakeholder Engagement meetings Proof of MEGA's Involvement in the Project: Letters of engagements with investors and other stakeholders relating to assistance provided by MEGA in preparation for project implementation i.e. assistance with land acquisition, water-right use license, EIA reports, electricity connections, etc |
| Method of calculation | Tally on the total value of the projects that are implemented |
| Data limitations | None |
| Type of indicator | Output |
| Calculation type | Normal addition |
| Reporting cycle | Quarterly |
| New indicator | No |
| Desired performance | Increased value of investment projects under implementation |
| Indicator responsibility | General Manager: Strategy & Communications |

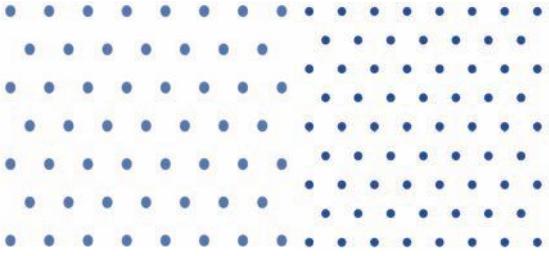
STRATEGY AND COMMUNICATIONS (CONTINUED)

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

| | |
|----------------------------------|---|
| Indicator title | Number of new FDI / LDI projects under facilitation for the period |
| Short definition | Number of projects that reached implementation stage |
| Purpose definition | This indicator measures the number of projects that reached implementation stage i.e. agreements signed and preparations for project implementation commenced |
| Source/collection of data | Signed agreements, letters of engagements with investors and other stakeholders, EIA reports, Business Plans, Stakeholder Engagement meetings |
| Method of calculation | Tally on the number of projects that are ready for implementation |
| Data limitations | None |
| Type of indicator | Output |
| Calculation type | Normal addition |
| Reporting cycle | Quarterly |
| New indicator | Yes |
| Desired performance | Increased number of investment projects under implementation |
| Indicator responsibility | General Manager: Strategy & Communications |

| | |
|------------------------------------|---|
| Title | Number of Outward / inward Investment Recruitment Missions undertaken |
| Definition | Numbers of outward and inward investment promotion missions conducted by MEGA's T&I Unit during the reported financial year |
| Purpose / Importance | To market Mpumalanga Province as an investment destination missions are the primary and essential activity in pursuance of the stated strategic objective |
| Source / Collection of Data | Mission Submission and Report for Missions conducted and participated |
| Method of Calculation | Simple count per event |
| Data Limitations | None |
| Type of indicator | Outcome |
| Calculation Type | Normal addition |
| Reporting Cycle | Quarterly |
| New Indicator | No |
| Desired Performance | Higher than targeted performance is desirable. |
| Indicator Responsibility | GM: Strategy & Communications |

| | |
|----------------------------------|---|
| Indicator title | Number of potential Investors engaged |
| Short definition | Attract foreign and domestic investment into the province |
| Purpose definition | This indicator measures investment pipeline |
| Source/collection of data | Letters of engagements with potential investors, Signed MOUs or disclosures |
| Method of calculation | Each potential investor engaged is calculated once |
| Data limitations | None |
| Type of indicator | Output |
| Calculation type | Normal addition |
| Reporting cycle | Quarterly |
| New indicator | Yes |
| Desired performance | Increased number of investment pipeline |
| Indicator responsibility | General Manger: Strategy & Communications |
| Indicator title | Number of Investment Conference hosted |
| Short definition | Host an Investor Conference in Mpumalanga to attract suitable investors |
| Purpose definition | This indicator measures investor conferences hosted by MEGA in Mpumalanga |
| Source/collection of data | Pictures, videos, articles, attendance registers, correspondence from organisers, project close out reports |
| Method of calculation | Simple count per event |
| Data limitations | None |
| Type of indicator | Outcome |
| Calculation type | Normal addition |
| Reporting cycle | Annually |
| New indicator | No |
| Desired performance | Successful investor conference |
| Indicator responsibility | General Manger: Strategy & Communications |



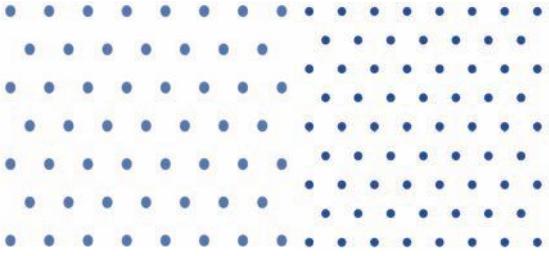
STRATEGY AND COMMUNICATIONS (CONTINUED)

Strategic Goal 4: Increased access to export trade opportunities for Mpumalanga companies

| | |
|------------------------------------|---|
| Title | Number of exporters / Importers provided with foreign trade aftercare and inquiries management |
| Definition | This assistance provides ongoing export / import marketing advice and assistance to theexisting and first-time exporters / importers 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 exporterregistration 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 specialised form of commerce for which government support and counselling is important to increase the number of provincial companies entering new markets and for current exporters to expand their existing markets |
| Source / Collection of Data | The assistance rendered will be demonstrated through files, reports, emails, attendance registers and applications during the reported financial year. Internally generated documents are to be included as verified basis for exporters provided with Foreign Trade Counselling and Support |
| Method of Calculation | Simple count per interaction |
| Data Limitations | The data limitations and challenge faced with the "Number of Exporters provided with Foreign Trade Counselling and Support" and the development of SOP's in this regard arises from the diversity and nature of legitimate assistance rendered to Trade Promotions clients. The types of assistance provided, and which takes up a significant portion of Trade Promotions time resources, is as varied as the assistance itself and could include telephone calls, emails, meetings, application forms and so forth. A customised Client Relationship Management (CRM) system for the Trade and Investment Promotion Division could mitigate the data limitations |
| 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 |

| | |
|------------------------------------|--|
| Title | Number of foreign / local trade exhibitions undertaken |
| Definition | Number of trade exhibitions undertaken by MEGA and / or client facilitated participation in such an event by MEGA during the reported financial year |
| Purpose / Importance | Trade exhibitions are the primary and essential activity in pursuance of the stated strategic objective |
| Source / Collection of Data | Exhibition / Mission Submission and Report for MEGA conducted events |
| Method of Calculation | Simple count per event |
| Data Limitations | None |
| Indicator Type | Outcome |
| Calculation Type | Simple count per event |
| Reporting Cycle | Quarterly |
| New Indicator | No |
| Desired Performance | Target for period achieved |
| Indicator Responsibility | GM: Strategy & Communications |

| | |
|------------------------------------|---|
| Title | Number of EMIA / SSAS Applications Facilitated |
| Definition | The Department of Trade and Industry's Export Marketing and Investment Assistance (EMIA) scheme develops export markets for South African products and services and the Sector Specific Assistance Scheme (SSAS) is to compensate the costs in respect of the activities aimed for the development of South African emerging exporters. MEGA is the regional service provider for EMIA and SSAS |
| Purpose / Importance | The utilization by Mpumalanga based companies of the financial assistance provided under EMIA and SSAS is an important component of Export Promotion |
| Source / Collection of Data | Copies of completed EMIA / SSAS Application forms by Mpumalanga based companies |
| Method of Calculation | Simple count per completed EMIA / SSAS Application |
| Data Limitations | None |
| Indicator Type | Outcome |
| Calculation Type | Cumulative – for the year |
| Reporting Cycle | Quarterly |
| New Indicator | Yes |
| Desired Performance | Higher than targeted performance is desirable |
| Indicator Responsibility | GM: Strategy & Communications |



STRATEGY AND COMMUNICATIONS (CONTINUED)

Strategic Goal 6: Enhanced Organisational Sustainability

| | |
|------------------------------------|---|
| Title | % achieved on MEGA organisational performance |
| Definition | % Organizational Performance achieved |
| Purpose/ Importance | To measure organizational performance |
| Source / Collection of data | Divisional quarterly performance, consolidated organisational quarterly performance |
| Method of Calculation | Divisional performance consolidated to provide an overall performance of the entity |
| Data Limitations | None |
| Indicator Type | Outcome |
| Calculation Type | Cumulative |
| Reporting cycle | Quarterly |
| New Indicator | No |
| Desired Performance | Above 80% organizational performance |
| Indicator Responsibility | General Manager: Strategy & Communications |

| | |
|------------------------------------|---|
| Indicator title | Number of independent and systematic evaluations of the entity's performance |
| Short Definition | The evaluation of MEGA's initiatives undertaken to ensure operational excellence and to ensure developmental impact requires a non-biased and independent appraisal |
| Purpose /Importance | To evaluate operational and developmental impact achieved as a result of MEGA's initiatives undertaken in the execution of its mandate through the determination of customers satisfaction, public perceptions, job opportunities created through its programmes, enterprises developed, etc. |
| Source / Collection of data | Monitoring & Evaluation Reports, Organisational Surveys and Close-out Reports |
| Method of calculation | A simple count of all the monitoring and evaluation reports generated |
| Data limitation | None |
| Types of indicator | Outcome |
| Calculation types | Simple count per evaluation conducted |
| Reporting cycle | Annually |
| New indicator | No |
| Desired performance | Monitoring and evaluation reports show that the performance of the institution's initiatives aimed at achieving its mandate are improving year on year |
| Indicator responsibility | GM: Strategy and Communications |

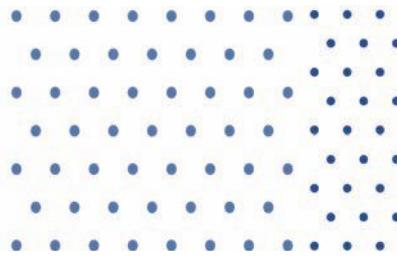
Strategic Goal 7: Improved Corporate Image of MEGA

| | |
|------------------------------------|---|
| Indicator title | % achieved on MEGA Brand and Reputation |
| 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 organisational survey |
| Method of calculation | % reflected in the organisational survey report |
| Data limitations | Lack of online presence by the entity |
| 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 | General Manager: Strategy & Communications |

| | |
|------------------------------------|--|
| Indicator title | Rating achieved on customer satisfaction survey |
| Short definition | Improve customer satisfaction |
| Purpose / importance | To improve customer satisfaction through customer relations where client complaints are recorded, directed to the relevant departments and ensure they are adequately dealt with |
| Source / collection of data | Report on organisational survey |
| Method of calculation | % reflected in the organisational survey report |
| Data limitations | Lack of customer relations function |
| Type of indicator | Outcome |
| Calculation type | Non-cumulative |
| Reporting cycle | Annually |
| New indicator | No |
| Desired performance | Continuous improvement in customer satisfaction |
| Indicator responsibility | General Manager: Strategy & Communications |

Strategic Goal 6: Enhanced Organisational Sustainability

| | |
|------------------------------------|--|
| Indicator title | Audit opinion expressed by Auditor-General |
| Short Definition | To address past audit findings to ensure an improvement of the audit outcome |
| Purpose /Importance | The indicator measures the outcome of the regulatory audit |
| Source / Collection of data | Audit Report |
| Method of calculation | Disclosure on the 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 |

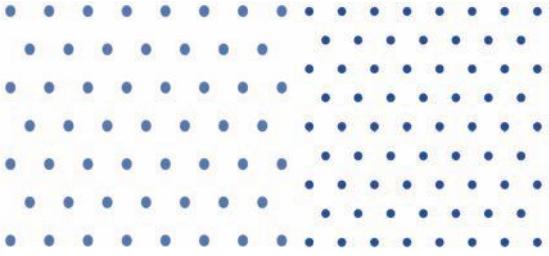


CORPORATE SERVICES

Strategic Goal 6: Enhanced Organisational Sustainability

| | |
|------------------------------------|---|
| Title | % of approved positions filled |
| Definition | To improve the Human Resources capacity of the organisation |
| Purpose / Importance | To measure improvement of the Human Resources capacity of the organisation through the management of a group of unplaced employees and filling of critical vacant positions |
| Source / Collection of Data | HR Reports |
| Method of Calculation | % achieved on the filling of vacant positions in relation to the approved structure |
| Data Limitations | Moratorium on recruitment and consultation process on management of the pool |
| Indicator Type | Output |
| Calculation Type | Non-Cumulative |
| Reporting Cycle | Quarterly |
| New Indicator | No |
| Desired Performance | Improved capacity to deliver the mandate of the organisation |
| Indicator Responsibility | GM: Corporate Services |

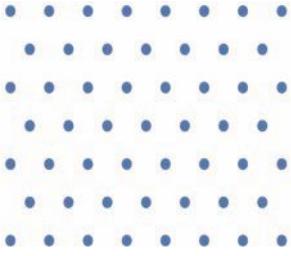
| | |
|------------------------------------|---|
| Title | % achieved on employee satisfaction |
| Definition | Improved staff morale and corporate culture |
| Purpose / Importance | To measure improvement of the staff morale |
| Source / Collection of Data | Results on survey conducted for employees' satisfaction |
| Method of Calculation | % achieved as per employee satisfaction survey |
| Data Limitations | Poor participation by employees |
| Indicator Type | Output |
| Calculation Type | Non-Cumulative |
| Reporting Cycle | Annually |
| New Indicator | Yes |
| Desired Performance | Improved staff morale and Organizational Culture |
| Indicator Responsibility | GM: Corporate Services |



CORPORATE SERVICES (CONTINUED)

| | |
|------------------------------------|---|
| Indicator title | % improvement on organisational risk maturity |
| Definition | To measure 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. For the current year, MEGA will use both the Treasury Model (used in the previous financial year) as well as the best practice model – RIMS Risk Maturity Model in order to introduce a best practice baseline from 2020/21 going forward |
| Purpose /Importance | <p>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</p> <p>This is important as it will further facilitate the embedding of risk management at process level enabling the entity to improve to create, preserve and maximize stakeholder value through improved risk management</p> |
| Source / Collection of data | Submission of relevant data/information on the entity's 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 attitude towards risk management of those selected to participate, i.e in the case of surveys, interviews and/or questionnaires |
| Types of indicator | Output |
| Calculation types | Non-cumulative |
| Reporting cycle | Annually |
| New indicator | No |
| Desired performance | Continuous improvement in risk management processes |
| Indicator responsibility | GM: Corporate Services |

| | |
|------------------------------------|---|
| Title | % integration and/or interoperability of ICT systems |
| Definition | The integration and/or interoperability of key ICT systems by implementing IT projects as outlined in the approved ICT Strategy |
| Purpose/ Importance | To put in place IT Systems that are integrated, interoperable, reliable and cost effective not only to meet today's demands, but also to provide the capacity for future growth and the ability to implement new technologies in a timeframe that maximizes the benefit to the business |
| Source / Collection of data | Signed off IT Project plans for all planned intervention in line with the ICT Strategy which indicates the stages and % completion of all IT projects |
| Method of Calculation | Percentage completion for all targeted ICT projects as signed off by relevant business partners |
| Data Limitations | None |
| Indicator Type | Output |
| Calculation Type | Cumulative |
| Reporting cycle | Quarterly |
| New Indicator | No |
| Desired Performance | Higher % than targeted desirable |
| Indicator Responsibility | General Manager: Corporate Services |



OFFICE OF THE CEO

Strategic Goal 6: Enhanced Organisational Sustainability

| | |
|------------------------------------|--|
| 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 | Implementation plan and internal audit reports |
| 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 |
| Type of Indicator | Output |
| Calculation types | Cumulative |
| Reporting cycle | Quarterly |
| New indicator | No |
| Desired performance | Higher % than targeted desirable |
| Indicator responsibility | Head Internal Audit |

| | |
|------------------------------------|---|
| Indicator title | % compliance with the MEGA Legislative Universe |
| Short Definition | To track compliance with PFMA, MEGA Act and other legislation which regulates the operations of MEGA |
| Purpose /Importance | To track MEGA's compliance with the statutory provisions |
| Source / Collection of data | User departments |
| Method of calculation | Consolidation of the actual number of compliance checklists on the affirmative over the number of actual compliance checklists to be achieved by the entity multiplied by 100 |
| Data limitation | Dependent on accuracy of data provided by user departments |
| Types of indicator | Output |
| Calculation types | Non-cumulative |
| Reporting cycle | Quarterly |
| New indicator | No |
| Desired performance | Higher % than targeted desirable |
| Indicator responsibility | Company Secretariat |

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



