



# PART A

## STRATEGIC OVERVIEW

### 1. Overview of the Strategic Plan

Immediately after the National Elections in 2004, we saw the Premier reorganizing the different departments. Some were split, establishing new ones and others were retained in their old form. All the newly established departments were given, to a certain extent, new mandates. This involves our department – the Department of Economic Development and Planning.

Our mandate was no longer focussed on economic development only but also included economic planning. In essence, we are expected not only to facilitate economic growth and development but also to shape the trajectory of such growth and development.

Therefore, this five-year Strategic Plan attempts to respond to this new mandate. It also incorporates new policies and priorities set by both the national and provincial government. In addition, it further takes into account the Integrated Development Plans (IDPs) of the different Municipalities.

Underlying the Strategic Plan is the focus given to strategies and programmes aimed at stimulating robust economic growth that will lead to job creation, wealth generation, consequently the improvement of the standard of living of our people.

The Strategic Plan covers programmes aimed at, among other things, growing the tourism industry, increasing the level of investment, developing the small business sector, advancing the Broad-based Black Economic Empowerment agenda and industrial promotion, including the exploitation of the agricultural sector.

Special attention is also given to human resource development, especially the development of the skills demanded by our economy. Focus is also given to infrastructure development, particularly infrastructure that will unlock economic activities.

As already alluded to above, economic planning is also one of our important areas of our work. The Strategic Plan also pays attention to this policy imperative.



Through these programmes we are convinced that we will make a difference to the lives of our people.



## 2. Mandate

To drive all economic development and planning initiatives in the Province

## 3. Vision

A competitive and adaptive economy that improves the quality of life of all people in the province

## 4. Mission

To facilitate, implement and co-ordinate integrated planning and stimulate sustainable economic development

## 5. Values

The Department is guided by the following core values:

- 5.1. All services rendered must be of par excellence
- 5.2. All services must be rendered in a manner which is equitable, efficient, effective, accessible and of satisfactory quality
- 5.3. All services must be in line with the 'Batho Pele' policy
- 5.4. Commitment to high performance and continuous improvement of the capacity of its personnel
- 5.5. Open communication, transparency and consultation.
- 5.6. Personnel must adhere to the Code of Conduct



## 6. Sectoral situation analysis

### 6.1. Summary of service delivery environment and challenges

In the wake of democracy, we saw the new government introducing an array of policies aimed at, among other things, not only arresting an economy that was heading for a smelt-down but also responding to the new challenges presented by the new environment, particularly globalisation.

As the years evolved, we saw these policies paying dividends. Today we have macroeconomic stability, a necessary foundation from which we can grow the economy further. The confidence in our economy by many investors has improved hence the increase in the level of investment although not at a satisfactory rate. The level of inflation has decreased tremendously. The rand has also improved although the degree of its fluctuation is still a call for concern.

This positive economic environment also provided the Province with a window of opportunity to grow its economy. Although the Province has registered some increase in the GGP-R towards the end of the twentieth century and at the beginning of the twenty-first century, a serious decline in GGP-R in the last few years of the first decade of democracy was recorded. One of the sectors that started experiencing that decline until to date is manufacturing.

Coupled to this unfortunate situation are the challenges of the increase in the population of the Province, alarming level of poverty, unemployment and inequalities. Basically, the challenges of the First and Second economy is still with us.

With the acceleration of the implementation process of the Integrated Manufacturing Strategy, the Tourism Growth Plan, the Provincial SMME strategy, the Broad-based Black Economic Empowerment strategy and the Microeconomic Reform Strategy, the possibilities of turning the tide are quite high.



## 6.2. Summary of organisational environment and challenges

As indicated in our mission statement above, we are charged with the responsibility of facilitating sustainable economic growth that must lead to economic development. The people of this province are looking up to this Department in terms of gearing the economy towards meeting the challenges that are confronting them. They expect to see this Department using its limited resources to satisfy their unlimited needs.

However, like any organisation, government also operates in a dynamic environment. Such an environment requires that government must, from time to time, adjust accordingly so that it could stand the challenges of the time.

While such steps are necessary, however, they pose serious challenges to the delivery machinery of government. Taking our department for instance, it has experienced a series of changes within a short space of time. This has created a very unstable department. Subjecting it to the see-saw movement has resulted in, inter alia, dedicated workers leaving the Department, basically being afraid of uncertainty.

This affected the capacity of the Department to deliver on its mandate as expected. The formulation of important policies and regulations, including the filling of critical posts were delayed.

The lack of the relevant capacity by most of our employees is also an area for concern. Policies aimed at human resource development have not as yet taken firm ground.

The approach of integrated planning among the different departments is also another challenge that requires more attention. For our department to make a meaningful contribution to economic growth and development, it needs the involvement of most of the Departments of both provincial and national government.

The limited budget appropriated to the department is also a serious constraint. Most of the programmes of the department are failing to see the light of day due to this constraint and as a consequence service delivery is extremely compromised.



The culture of 'Batho Pele' remains a serious challenge. The laxity displayed by most of our staff as they relate to our clientele requires a serious attention. There is no sense of urgency. Undoubtedly, if we are a government of the people, by the people and for the people, we have to redouble our efforts in ensuring that we take the principles of this wonderful concept forward. This necessitated, among other things, the need for addressing the 'soft issues' that could be affecting staff morale, as well as re-engineering our internal systems such that they are compatible with the type of programmes and clientele that the Department is responsible for to improve service delivery.



## 7. Legislative and other mandates

The following Acts assist the Department to execute its mandate as efficiently and effectively as possible:

- The Constitution of the Republic of South Africa, Act 108 of 1996
- Public Financial Management Act No. 1 of 1999
- Mpumalanga Economic Empowerment Corporation Act No. 99 of 1999
- Mpumalanga Gaming Act No. 5 of 1995
- Mpumalanga Tourism Act
- Liquor Act No. 27 of 1989
- Mpumalanga Trading Hours Act No. 5 of 1999
- Mpumalanga Business Act No. 2 of 1996
- Skills Development Act No. 97 of 1998
- National Small Business Enabling Act
- Broad-based Black Empowerment Act No.
- Public Service Act No. of 1998

## 8. Broad policies, priorities and strategic goals

### Broad policies

Reconstruction and Development Programme

Growth, Employment and Redistribution Strategy

Provincial Growth and Development Strategy

### Priorities

To meet the objectives of creating work, fighting poverty and promoting equality, more attention will be paid on the following programmes:

#### Growing the economy:

- Encourage more investment in key economic sectors
- To facilitate Broad-based Black Economic Empowerment which also benefits communities, particularly the Youth, Women and people with disabilities as well as workers and small businesses
- Promote learnerships
- To enhance skills development
- Encourage the use of labour intensive methods in sectors of the economy



### Strategic goals:

#### Office of the MEC

- To provide leadership and strategic direction in relation to the political mandate of the department

#### Office of the HOD

- Manage the Department efficiently and effectively

#### Corporate Services

- Develop a competent workforce and continuously benchmark the internal functions and performance outputs against best practices

### Strategic goals:

1. Stimulate sustainable economic growth and development
2. Reduce unemployment, poverty and inequality
3. Contribute towards the reduction of the spread of HIV and AIDS
4. Facilitate human resource development with relevant skills and entrepreneurial culture
5. Drive and monitor integrated planning in the Province
6. To implement policies and legislation that contributes towards the creation of an environment conducive to business development and fair trade





Strategic goal 1: Stimulate sustainable economic growth and development

Strategic objectives:

- 1.1 Ensure the development of key economic infrastructure
- 1.2 Promote and develop local enterprises
- 1.3 Ensure industrial development in the province
- 1.4 Promote trade and investment
- 1.5 Increase the province's market share in the tourism industry
- 1.6 Ensure access to finance in the province

Strategic goal 2: Drive and monitor integrated planning in the province

Strategic objectives:

- 2.1 Facilitate the development of integrated development strategies within the province
- 2.2 Establish and maintain an integrated information management system
- 2.3 To guide decision making on economic development and planning

Strategic goal 3: Reduce unemployment, poverty and inequality

Strategic Objectives:

- 3.1 Initiate and support job creation projects
- 3.2 Ensure the implementation of Broad-based BEE Act

Strategic goal 4: Contribute towards the reduction of the spread of HIV and AIDS

Strategic objective:

- 4.1 To feature prominently HIV and AIDS programs in all departmental activities.

Strategic goal 5: Facilitate human resource development with relevant skills and promote an entrepreneurial culture.

Strategic objectives:

- 5.1 Contribute towards relevant education and training programmes that will address present and future provincial economic skills needs
- 5.2 Enhance internal capacity to direct the departmental mandate effectively
- 5.3 Effectively managed the Internship, Learnership and ABET programmes

Strategic goal 6: To implement policies and legislation that contributes towards the creation of an environment conducive to business development and fair trade.

Strategic objectives:

- 6.1 To develop and implement business regulatory policies and legislation that ensures compliance with applicable legislation
- 6.2 To implement consumer protection and awareness strategies that creates an environment conducive to fair trade



## 9. Information system to monitor progress

The department is relying on the following different information systems to monitor and report on the implementation of the strategic plan:

- LOGIS

It is a system mainly utilised for procurement of goods and services. It is a fairly new system. Its reliability and functionality leave much to desire. It is extremely slow and most of time down. This affects service delivery dismally. Its use of the internet system is largely the cause of its slack.

- PERSAL

Largely deals with personnel information and paying of salaries. Quite reliable and functions very well.

- Basic Accounting System (BAS)

This is also one of the reliable information systems and also functions very well. It further acts as an interface of both LOGIS and PERSAL. In essence, it is system that, to a large extent, gives one the full picture of the expenditure patterns of the department.

The only challenge with this system relate to its four days waiting period before the client receives what is due to him/her. The money sits at the bank and accrue interest not to the department and neither to the client but instead such inter accrue to the bank itself.

- In-Year Monitor (IYM)

This is a system used to monitor expenditure patterns of the different programmes within the department on monthly basis. It is a system that not only signals the expenditure pattern but also assist to project the state of the finances some few months down the line. It is functioning satisfactory but its reliability is not yet up to scratch.

- Vulindlela

This system also assists the department to monitor its performance.



- Audit Command Language (ACL) and Team mate  
These are audit systems used to monitor compliance by the Department. These systems attempt to ensure that letter and the spirit of the PFMA, including other controlling measures are followed and implemented as required.
- Liquor Information System  
This system is used in processing liquor applications, monitoring the validity of liquor licenses and renewal of liquor licenses. It is an outdated system that needs to be updated or substituted by a new one that could respond to current and future requirements.
- Consumer Information System  
This system is used to record and track progress with regard to consumer complaints. It also needs some upgrading or replacement.

The presence of these controlling and monitoring systems is quite commendable, however most of them require further fine-tuning so that service delivery could be accelerated. The inefficiency of the LOGIS system needs serious intervention since it focuses on of the crucial areas of service delivery. Delaying or compromising the 30 days-turn-around time to process payments of service providers is not gelling at all. The department is paying its undivided attention to deal with some of these shortcomings of our systems.

## 10. Description of the strategic planning process

The MEC views the strategic planning process as a participatory exercise. He believes that all the employees should one way or another contribute to the strategic plan of the Department since this ensures that as individuals and as a collective take ownership of the final strategic plan document. All of us have to regard such a plan as a roadmap that will be guiding us as a Department in the next five years.

The development of this plan assumed three different but interrelated phases. With regard to the first phase, only the MEC, Senior Managers and Deputy Managers attended the strategic planning session.



As a point of departure, the MEC outlined the mandate of the Department and priority issues that must form the core of the Strategic Plan. Thereafter, the Managers translated those issues into a workable plan – a plan of which its structure is laid down by Treasurer.

As the second phase, the Managers took this broad plan to their respective directorates and interrogated the issues raised further with the view of making inputs, amendments and addenda where necessary. All the inputs will be consolidated and referred back to all the participants who sat in Phase one.

In the last Phase, the forum refined the document and submitted it to the MEC for approval.



## PART B

### PROGRAMME AND SUB-PROGRAMME PLANS

#### 11. Programme 1: Administration

The administration programme is one of the most important programmes of the Department. It covers a range of sub-programmes which are responsible for different but complementary functions. To a large extent, all the sub-programme falling under this programme ensures that the Department runs smoothly and delivers on its mandate as expected. Fundamentally, it is a programme that has to provide efficient and effective support to the different line functions of the Department.

The following sub-programmes fall under this programme:

- Office of the MEC
- Office of the HOD
- Corporate Services:
  - Human Resources
  - Legal Services
  - Communications
  - Security Management Services
  - Transversal services
  - CFO
  - Internal Audit



### 11.1. Situational analysis

The office of the Chief Financial Officer inculcates the vision of PFMA with regard to planning, budgeting, monitoring and reporting. The processes aimed at strengthening this office, ensuring that the implementation of the PFMA rolls out smoothly, are unfolding very well. Most of the monitoring and reporting systems are in place, however, a system such as LOGIS is fraught with problems that are affecting service delivery extremely. The thirty days turn-around time to process payments is seriously undermined

Internal audit is responsible to provide an independent, objective assurance and consulting services designed to add value and improve an organization's operations. It helps the Department to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Although the Department is fairly new, most of the control measures are already in place, however, there are still challenges in the area of risk management.

Corporate Service is responsible for effective and efficient functioning of the department. It aims at achieving service excellence in the provisioning, maintenance and development of efficient human resource management and effective flow of information administration.

The splitting of the Department provided a challenge in terms of placement of personnel and completion of the organogram. Five human resource policies were formulated and approved and are currently being applied. The provincial Performance management and Development System for both Senior Managers as well as the one for levels 1 to 13 are not yet optimally applied. All critical posts at Senior Management were filled but there are still vacancies at lower levels that need to be filled

There is a need for closer monitoring and training of personnel on these systems. The learner ship programme has been implemented for serving employees. The Department is in the process of implementing the 18.2 [unemployed youth] learnership. Sixteen [16] unemployed graduates have been engaged on an internship programme.



The Legal section was destabilised due to the transfer of the sectional head to the Department of Finance.

There is no communication strategy for the Department. The head of the section was transferred to the Tourism Directorate and as a result very little activity was done by this section.

## 11.2. Policies, Priorities and strategic objectives

### Policies:

- The Public Finance Management Act No 1 of 1999
- Treasury Regulations
- Supply Chain Management policy
- Basic Accounting System
- Public Service Act and related regulations
- Standards for the professional practice of internal auditing issued by the Institute of Internal Auditors

### Priorities

- To enhance the implementation of the PFMA, especially with regard to the parastatals
- To train Managers on budget issues
- To provide support in terms of acquiring, retaining and developing human Resources to support the core mandate of the Department
- To improve the effectiveness of risk management, control, and governance processes in the department.
- To enhance monitoring mechanism in respect of public entities under the control of the Department.



Strategic objectives:

Office of the MEC

- Provide an efficient and effective administrative support to the MEC

Office of the HOD

- To ensure the implementation of the strategic plan and efficient administration of the department

Corporate Services

- To ensure effective and efficient financial management
- To provide effective and efficient Human Resource Management
- Enhance internal capacity to direct the departmental mandate effectively
- To render effective Communication services
- Ensure sound Labour Relations
- To provide effective Legal services
- To ensure the implementation of programmes relating to HIV and AIDS, Youth, Gender and people with disabilities in the Department.
- To provide comprehensive security management for the Department
- To provide an effective and efficient internal audit services

### 11.3. Analysis of constraints and measures planned to overcome them

Constraints:

- Shortage of staff in critical positions in Supply Chain Management
- Inadequate budget allocation to this programme.

Measures planned to overcome constraints

- Ensure that all suppliers are paid within 30 days of receipt of invoices
- Ensure proper implementation of policies and procedures
- Ensure implementation of Fraud Prevention Strategy
- More funds to be made available to secure personnel needed in terms of the new structure
- Implementation of risk management strategy

### 11.4. Description of planned quality improvement measures

- Training of managers in Logis and Bas system
- Subject personnel to appropriate training
- The personnel should adhere to the values of the Department, viz Excellence, Opportunities, Recognition, Integrity and Impartiality and Learning.
- Subject our audit engagement to quality review as required by the Standards of the Institute of Internal Auditors.





- To render quality service to our clients by ensuring that the following service standards are adhered to:
  - § All enquiries will be responded to within two (2) working days.
  - § Staff will be polite and professional when rendering service to all members of the public.
  - § Telephones will be answered within three rings and staff members will clearly identify themselves to the caller.
  - § All messages will be acknowledged within one working day of receipt.



## 12. Programme 2: Economic Development

As government, we have adopted a sectoral approach to grow our economy. Although the different sectors will be applying policies, strategies and programmes suitable for that sector, all such activities will be moving towards a common growth trajectory.

Therefore, central to this programme are the different strategies that the Department is pursuing as an attempt to stimulate sustainable economic growth that will lead to job creation, wealth generation and the redistribution of income. More focus is given to those economic sectors that drive the economy of the Province. This involves sectors such as that of agriculture, tourism, manufacturing and mining, including ITC.

Attention is also given to infrastructure development, particularly infrastructure that will unlock economic opportunities for our people. This programme further look at the promotion of Black Economic Empowerment and SMMEs development since it is such activities that will ensure that more people are brought to the fold of the mainstream economy.

As a consequence of the first Industrial Development Strategy put in place for Mpumalanga, specific programmes were initiated to address the challenges and opportunities identified at the time. The previous financial year saw most of those programmes coming to fruition.

These include:

1. The development of the Wool Cluster
2. The development of the Stainless Steel Cluster around Witbank /Middleburg
3. The setting up of a Furniture Technology Center
4. The initiation of small-scale mining ventures.

The establishment of a Petro-Chemicals/Procurement cluster in Secunda, involving Sasol, Eskom, Harmony Gold, Sasol Coal and Anglo Coal, is well underway. These programmes were in response to the dominance of a resource-based economic activity, as well as the low level of small and medium entrepreneurs existing at the time.



In the next strategic planning period, the Department will have to review the existing strategy in order to:

1. Align departmental strategy to the Integrated Manufacturing Strategy (IMS) as well as the Micro-economic Reform Framework (MRS)
2. Include the IDPs in and align them the broader Provincial Growth Strategy.
3. Implement the resolutions of the Growth and Development Summit
4. Ensure that the strategy relates to the three key performance indicators of the IMS i.e. Growth, Employment and Equity.
5. Verify whether the industry sectors as identified in the existing strategy are still appropriate for industrial development.

At this time, a key focus of the strategy is to address the microeconomic constraints to growth. As a starting point, the Department commissioned a survey to establish the views of key stakeholders in the Provincial economy. The survey had the following objectives:

1. To canvass the views of key role players and decision makers in the Province with regard to the way forward in industrial development
2. To establish what role players see as major opportunities and constraints at this time, and get suggestions on addressing these factors.
3. To determine whether there are any new opportunities or constraints which have arisen since the last Industrial and Trade Strategy was developed in 1995, that require further investigation.
4. To assess views on basic and advanced infrastructure requirements.
5. To establish if there is any Research and Development work that has been undertaken by private sector players which might impact on the Industrial Development Strategy and if this research can be shared with province.

Certain themes emerged from this process, and they will serve as a starting point in addressing our key challenges. These include the following:

1. Developing an appropriate and credible mechanism to begin a strategy for a building, planning and prioritization process for industrial development in the Province, that will include the private sector, the public sector, and parastatals.



2. Convening a high-level Industrial Development Summit to consolidate inputs from stakeholders.
3. Expanding the Stainless Steel incubator
4. Initiate Agro-processing, e.g. Food Technology Center

This programme constitutes of the following sub-programmes:

- Trade and Industry development
- Enterprise development
- Tourism promotion and development
- Business regulation services
- Consumer protection
- Black economic empowerment



## 12.1. Trade and Industry development

This sub-programme focuses on facilitating the development of trade and industry sectors in the Province.

### 12.1.1. Situational analysis

The Growth, Employment, and Redistribution Strategy (GEAR) identifies exports growth as one of the key objectives for turning the economy around. This objective has been further elaborated by the implementation of the global trade strategy and the strategy takes the form of a butterfly approach. The national and global environment makes international trading an imperative for the growth of the economy. International market opportunities resulting from international agreements have opened markets for exports. This offers the Province with opportunities to develop emerging exporters and promote trade in countries where opportunities exist

As a department, we are still pursuing the Provincial Industrial Development Strategy whose primary objective is to encourage value addition and beneficiation of our products. This will not only grow the economy and income but also create downstream opportunities for the small business sector. Underlying this strategy is the concept of clustering and incubation.

However, there are still challenges facing this framework. The process of realigning it with the Integrated Manufacturing Strategy is still in progress. There are also few companies that are willing to participate meaningfully on the various cluster formation initiatives taken by government. Given that the performance of the manufacturing sector is gradually declining due to, among other things, the appreciation of the Rand, it is reason enough for all stakeholders to work in partnership to salvage this crucial sector to our economy.

As a government, we are still convinced that clustering is one of ways to go in growing the manufacturing sector. The clustering processes that are currently being pursued involve following:

- o Stainless Steel cluster in Middleburg
- o Small-scale mining initiatives
- o Agro-processing cluster



- Wood Cluster in White River
- Petro-Chemical Cluster in Secunda.

#### 12.1.2. Policies, Priorities and strategic objectives

##### Policies

- Mineral and Petroleum Resources Development Act No. 28 of 2002
- Broad-based Black Economic Empowerment Mining Charter
- SA Petroleum and Liquid Fuels Industry on Empowerment of Historically Disadvantaged South Africans in the Petroleum and Liquid Fuels Industry
- Integrated Manufacturing Strategy
- Microeconomic Reform Strategy
- National Spatial Development Initiative Framework
- Provincial Industrial Development Strategy
- Twinning Agreements and Memorandum of Understanding
- Export Strategy for SMMEs
- GEAR
- Advanced Manufacturing Technology Strategy (AMTS)

##### Priorities

In line with the State of the Nation and State of the Province Addresses, the department has identified the following priority areas:

- Beneficiation and value addition in the petrochemical, stainless steel, agro processing, cultural industries and mining
- Facilitate development of the mining industry
- Development of key industrial infrastructure
- To develop programmes aimed at taking forward the PGDS



Strategic goal 1: Stimulate sustainable economic growth and development

Strategic objectives:

- 1.1 Ensure industrial development in the province
- 1.2 Promote trade and investment

Strategic goal 2: Reduce unemployment, poverty and inequality

Strategic Objectives:

- 2.1 Initiate and support job creation projects
- 2.2 Ensure the implementation of Broad-based BEE Act

Strategic goal 3: Facilitate human resource development with relevant skills and promote an entrepreneurial culture.

Strategic objectives:

- 3.1 Contribute towards relevant education and training programmes that will address present and future provincial economic skills needs

### 12.1.3. Analysis of constraints and measures planned to overcome them

#### Constraints

- The Department has undertaken a restructuring process where a new organogram has been developed. The organogram broadens the scope and extent of our function. A portion on Trade Development has been incorporated into our Directorate. This necessitates capacity building within the Directorate to be diverse and versatile. Extra financial resources will be required by the directorate to undertake and initiate the necessary changes within its structure and capacity.
- Budgetary constraints also hinder the directorate to operate efficiently and effectively on its strategic goals.
- All these above-mentioned clusters are not fully operational because of a number of constraints. These include lack of human and financial resources and inadequate industrial infrastructure. The Directorate further requires sector-focused skills.
- Commitment of stakeholders in the clustering process is also a concern that requires further attention.



Measures planned to overcome constraints

- The directorate requires more funds to implement the planned programmes.
- Communication and co-ordination will be enhanced to get more stakeholders committing to the concept of cluster development.
- The establishment of a Petro-Chemicals/ Procurement cluster in Secunda, involving Sasol, Eskom, Harmony Gold, Sasol Coal and Anglo Coal, has been initiated, with specific projects ready for investment. These programmes are in response to the dominance of a resource-based economic activity, as well as the low number of small and medium entrepreneurs that exist.
- The existing strategy will have to be reviewed periodically in order to:
  - Align the Departmental Strategy to the National Industrial Strategy.
  - Liase with municipalities in order to include and align their IDP's in the broader Industrial Development Strategy.
  - Contribute towards the resolutions of the Provincial Growth and Development Summit
  - Implement the resolutions of the Mining Summit.
  - Verify whether the industry sectors as identified in the existing strategy are still appropriate for industrial development.
  - Strengthen the Local Economic Development Forums (LEDF's)
  - To establish the views of key role players and decision makers in the province with regard to the way forward with industrial development.

12.1.4. Description of planned quality improvement measures

- The directorate intends to continue developing its human resources to be able to deal with the challenges and to make sure it recruits skilled people in the various clusters.





## 12.2. Enterprise Development

This sub-programme deals with the facilitation and stimulation of enterprise development in the Province.

### 12.2.1. Situational analysis

#### Strengths

- Legislative framework in place
- Committed workforce

#### Weaknesses

- Internal communication very weak
- Lack of monitoring system of the public entities and programmes of the directorate

### 12.2.2. Policies, Priorities and strategic objectives

#### Policies

- Micro Economic Reform Strategy (MRS)
- Integrated Manufacturing Strategy
- National Small Business Development Act
- Provincial Small Business Development Strategy
- Broad-based Black Economic Empowerment Act
- Preferential Procurement Act
- Provincial LED Policy and Strategy
- Broad Based Black Economic Empowerment Strategy
- Co-operative Development Strategy
- Provincial Growth and Development Strategy
- Mpumalanga Economic Empowerment Act
- Skills Development Act

#### Priorities

- To ensure development of businesses through the establishment of SEDAs
- To build capacity of service providers in the province
- To implement the co-operative strategy
- Broaden access to finance
- Implement targeted support program for the youth, women, and people with disabilities
- Merger of parastatals



Strategic goal 1: Stimulate sustainable economic growth and development

Strategic objectives:

- 1.1 Promote and develop local enterprises
- 1.2 Ensure access to finance in the province

Strategic goal 2: Reduce unemployment, poverty and inequality

Strategic Objectives:

- 2.1 Initiate and support job creation projects
- 2.2 Ensure the implementation of Broad-based BEE Act

Strategic goal 3: Facilitate human resource development with relevant skills and promote an entrepreneurial culture.

Strategic objectives:

- 3.1 Contribute towards relevant education and training programmes that will address present and future provincial economic skills needs

### 12.2.3. Analysis of constraints and measures planned to overcome them

Constraints

- Strategic co-operation with municipalities across the board and other government departments very weak
- Lack of human and financial resources in the directorate
- Provincial SMME Development strategy not incorporating recent developments
- Lack of capacity in service providers
- Weak organized businesses chambers

Measures planned to overcome constraints

- The directorate will work closely with municipalities.
- To solicit more funding for the directorate.
- Provincial SMME Development strategy will be reviewed.
- Business chambers will be strengthened.

### 12.2.4. Description of planned quality improvement measures

- Existing staff will be capacitated
- Service providers will be capacitated



### 12.3. Tourism Development

It is a sub-programme aimed at facilitating the growth, development and transformation of tourism in the Province.

#### 12.3.1. Situational analysis

##### Strength

- Strong and efficient system for the regulation of the tourist guide industry
- Dedicated workforce
- Effective tourism safety strategy
- Effective tourism awareness strategy

##### Weaknesses

- Duplication of functions between the directorate and the implementing agency
- Lack of clear mandate of the Tourism Directorate, viz the Mpumalanga Tourism Agency in terms of the Act.

##### Opportunities

- Transformation and empowerment of the tourism industry.
- Development of tourism products.
- Implementation of the national Tourism Second Amendment Act

##### Threats

- Budget constrains
- Lack of skills
- Lack of national monitoring mechanism for illegal guiding

#### 12.3.2. Policies, Priorities and strategic objectives

##### Policies

- Tourism Growth Plan
- Mpumalanga Tourism Act, 2001
- The Companies Act, 1973
- Tourism Second Amendment Act, 2000 (Tourist Guides)
- Tourism White Paper of 1999
- Tourism BEE Score Card

##### Priorities

- The development of a competitive and transformed tourism products and services platform
- Address gaps in the tourist value chain
- Develop legislation to further the development of a sustainable tourism industry



- Review the tourism growth plan
- To ensure that the Tourism Bill is enacted, including the formulation of regulations thereof
- To add momentum to the processes involving branding of the Province

Strategic goal 1: Stimulate sustainable economic growth and development

Strategic objectives:

- 1.1 Promote and develop local enterprises
- 1.2 Increase the province's market share in the tourism industry

Strategic goal 2: Reduce unemployment, poverty and inequality

Strategic Objectives:

- 2.1 Initiate and support job creation projects
- 2.2 Ensure the implementation of Broad-based BEE Act

Strategic goal 3: Facilitate human resource development with relevant skills and promote an entrepreneurial culture.

Strategic objectives:

- 3.1 Contribute towards relevant education and training programmes that will address present and future provincial economic skills needs

### 12.3.3. Analysis of constraints and measures planned to overcome them

Constraints

- Limited Budget
- Uncertainty on the legal status of the MTA

Planned measures to overcome constraints

- The Tourism Directorate is given a budget of R6 m, about R3 m will be for personnel and we will be left with R3 m for Operational expenditure, we will need an extra R3 m in order to implement all our programmes e.g tourism month, Tourism Fun train, product launches and start up capitals to new products.
- To ensure that the processes of clearing the legal status of MTA are sped up.

### 12.3.4. Description of planned quality improvement measures

We plan to intensify the training programmes meant to develop our human resource, especially in the field of research



## 12.4. Business Regulations Services

This sub-programme is responsible for facilitating the creation of an environment conducive to business development.

### 12.4.1. Situational analysis

The high rates of unemployment, high illiteracy, the scourge of poverty, and jobless growth have contributed to the growing informal sector of the economy. In order to survive, the majority of the people have been forced to be involved in the informal economy. This has had the effect of contributing to the growth of the micro-lending industry, street trading, the growth of the informal liquor trade, and in certain instances consumers not being able to meet their contractual obligations.

The South African Constitution provides that every person has the freedom to trade, but within a regulated trade environment. All three spheres of government have implemented policies and enacted legislation that ensures that trade takes place within a regulated environment.

It is in this context that legislation has been enacted to regulate trade. The trade legislation, such as the Mpumalanga Businesses Act of 1996 (Act No 2 of 1996) and the Trading Hours Act of 1999 (Act No 5 of 1999), empowers municipalities to regulate trade within their jurisdictions. It is however the responsibility of the department to capacitate municipalities to administer the legislation that has been assigned to them. The main objective of interacting with municipalities is to capacitate them to administer the legislation. Interaction with municipalities is going to continue until such time that they have got the necessary capacity to administer trade legislation.

Furthermore, the Liquor Act of 1989 (Act No 27 of 1989) empowers the province to establish the Liquor Board. The main objective of the Liquor Board is to regulate liquor trade in the province. In order to meet its mandate, the Liquor Board has a working relationship with the South African Police Service (SAPS). The Designated Police Officers appointed by SAPS are responsible for policing adherence to the liquor legislation.



The challenge for the coming period is to implement policies and legislation that would encourage the majority to operate within the regulatory liquor trade framework. This process has been initiated and it is hopefully going to be completed during the coming three years.

Gambling legislation has been enacted in order to make sure that gambling takes place in a regulated environment. The horse racing industry, casinos, and the limited pay-out machine industry is being regulated within the confines of gambling legislation.

#### 12.4.2. Policies, Priorities and strategic objectives

##### Policies

- Liquor Act of 1989 (Act No 27 of 1989)
- Liquor Act of 2003 (Act No 59 of 2003)
- National Gambling Act of 2004 (Act No 7 of 2004)
- Sales and Services Matters Act of 1964 (Act No 65 of 1964 )
- Credit Agreement Act of 1980 (Act No 75 of 1980 )
- Mpumalanga Businesses Act of 1996 (Act No 2 of 1996)
- Mpumalanga Trading Hours Act of 1999 (Act No 5 of 1999)
- Mpumalanga Gaming Act of 1995 (Act No 5 of 1995)
- Transvaal Horse Racing and Betting Ordinance of 1978 (Ordinance No 24 of 1978)

##### Priorities

- To speed up the process of finalising the realignment of the Mpumalanga Gaming legislation with the National Gambling legislation
- Facilitate finalisation of Mpumalanga Gambling Levies legislation
- Finalisation of the provincial liquor legislation
- To capacitate Municipalities to enabling them to administer the Business Act and Trading Hours Act.
- Partnership with municipalities in order to have an integrated strategy to ensure an effective regulatory environment.
- Finalise amendment horse racing legislation to facilitate transfer of the regulation of the industry from GGB to MGB.



Strategic goal 1: To implement policies and legislation that contributes towards the creation of an environment conducive to business development and fair trade.

Strategic objectives:

- 1.1 To develop and implement business regulatory policies and legislation that ensures compliance with applicable legislation

#### 12.4.3. Analysis of constraints and measures planned to overcome them

Constraints

- Compliance with legislation is hampered by the lack of capacity by some municipalities, Police Officers appointed in terms of liquor legislation, and capacity constraints within the department itself.
- Financial resource constraints affect the effectiveness of regulation on the gambling industry.
- The continuation of the agency agreement with the Gauteng Province in the regulation of the horse racing industry compromise its effective regulation since their major focus on their own province rather than Mpumalanga.

Measures planned to overcome constraints

- Capacity and resources at both municipality and provincial level need to be improved in order to ensure an effective trade regulatory framework.
- There is a need to re-assess resources allocated to this area of work.

#### 12.4.4. Description of planned quality improvement measures

Development of capacity at both the local and provincial government level, and other structures that play an important role in ensuring an effective business and fair trade environment is crucial.



## 12.5. Consumer Protection Services

This sub-programme is responsible for promoting an environment conducive to fair trade.

### 12.5.1. Situational analysis

People have rights as consumers of goods and services. These rights must be respected and protected. Member countries of the United Nations are expected to implement consumer policies that facilitate consumer protection in terms of the United Nations Guidelines on Consumer Rights.

The consumer rights of the majority of the population were not respected and protected before the democratic government took over power. In order to protect the rights of consumers, the province implemented a comprehensive consumer protection strategy. This strategy centers on consumer education, consumer advisory services, compliance and enforcement of applicable legislation, and the prohibition of unfair business practices in terms of the Consumer Affairs Act of 1998 ( Act No 6 of 1998).

### 12.5.2. Policies, Priorities and strategic objectives

#### Policies

- United Nations Guidelines on Consumer Rights
- National Consumer Policy Framework
- Consumer Affairs Act (Unfair Business Practices) Act of 1988 (Act No 71 of 1988)
- Consumer Affairs Act of 1998 ( Act No 6 of 1998)
- Other legislation dealing with consumer protection issues

#### Priorities

- To operationalise the Office for the Investigation of Unfair Business Practices
- To ensure the operationalisation and functioning of the Consumer Court

Strategic goal 1: To implement policies and legislation that contributes towards the creation of an environment conducive to business development and fair trade.

#### Strategic objectives:

- 1.1 To implement consumer protection and awareness strategies that creates an environment conducive to fair trade





### 12.5.3. Analysis of constraints and measures planned to overcome them

#### Constraints

- Effective protection of consumers is also affected by capacity and resource constraints.
- Lack of sufficient resources to drive consumer programmes

#### Measures planned to overcome constraints

- Capacitating consumers to be vocal about their rights should be placed high on the agenda because an informed consumer is likely to make an informed choice.
- Need to add more funding for the operationalisation of the Office for the Investigation of Unfair Business Practices and the Consumer Court.

### 12.5.4. Description of planned quality improvement measures

- Upgrading of information technology systems to support the attainment of strategic objectives
- Enhance human resources development.



## 12.6. Black Economic Empowerment

This sub – programme is responsible for facilitating and promoting Broad-based Economic Empowerment.

### 12.6.1. Situational analysis

One of the challenges confronting government is to empower black people, Africans in particular with the view of eliminating poverty, and the extreme inequalities generated by the apartheid government and ensure a balanced South African economic development.

As government, we continue to view Black economic empowerment as an integrated strategy aimed at bringing the previously disadvantaged into the mainstream economy.

The Broad-based Black Economic Empowerment framework should be seen as an attempt by government to end discrimination in education and training, hiring, government contracts and other forms of economic opportunities.

It is broad net of empowerment processes that include, among other things, poverty alleviation, job creation, rural development, skills transfers, the empowerment of women, youth and people with disabilities, meaningful ownership and access to finance to conduct business especially for the small business sector.

The different Charters introduced recently are part of a myriad of mechanisms aimed at accelerating the implementation of the BBEE Act. Unfortunately, the challenge of putting in place coordinating institutions is still an area that needs an immediate attention if we are to succeed in our endeavours to roll out the BBEE Act.

### 12.6.2. Policies, Priorities and strategic objectives

#### Policies

- Broad Based Black Economic Empowerment Act
- National Skills Development Act
- Employment Equity Act
- Industry Charters



- Preferential Procurement Act

Priorities

- To establish the implementation machinery of BBBEE programmes
- To implement mechanisms to monitor fronting and awarding of tenders
- Establish a BEE resource centre
- To establish the Provincial procurement structure in the mining and energy sectors

Strategic goal 1: Reduce unemployment, poverty and inequality

Strategic Objectives:

1.1 Ensure the implementation of Broad-based BEE Act

### 12.6.3. Analysis of constraints and measures planned to overcome them

Constraints

- Lack of a comprehensive Provincial BEE implementation strategy
- Lack of an implementation machinery of the current Charters

Measures to overcome constraints

- To finalise processes aimed at developing a Provincial BEE implementation strategy
- To equip the newly opened BEE directorate with the necessary resources

### 12.6.4. Description of planned quality improvement measures

- To subject incumbents of the BEE division to a vigorous training programme.



## 13. Programme 3: Economic Policy and Planning

This is a new programme that focuses on economic planning, a concept which is understood to be meaning a deliberate and conscious attempt by the department to put forward policy recommendations to Cabinet as to how resources shall be allocated among various uses so as to attain a predetermined set of development objectives.

It is a programme that is responsible for the coordination and monitoring of the provincial economic development plan, in this case, the Growth and Development Strategy.

Among other things, the functions of research, planning, forecasting, data collection, economic modelling and information management are located in this programme since these are some of the tools that would be employed to ensure the implementation of the plan as intended.

Key challenges facing this programme include human and material resources. There is a need for information that is relevant, current and readily accessible. These are critical to the successful functioning of this programme. Therefore, adequate financial resources and personnel with the relevant skills will be needed.

The programme is currently consisting of three sub-programmes, namely:

### 13.1. Economic Research and Statistics

This sub-programme is responsible for conducting research on socio-economic issues and also undertaking economic modelling and forecasting in the Province.

### 13.2. Information Management and Project Impact analysis

This sub-programme deals with the establishment and maintenance of appropriate information management tools, including monitoring and evaluation of impact made by economic programmes and projects.



### 13.3. Development Planning and Strategic Initiatives

This sub-programme focuses on the facilitation and ensuring integrated economic planning and development in urban and rural, and the management of strategic initiatives.

#### 13.3.1. Situational analysis

For government to have maximum impact on service delivery, an integrated approach to planning and implementation of economic programmes, including projects has become more crucial not only among government departments but also between government and other economic stakeholders.

Past experience has shown that approaching development in a disjointed manner result in little impact on service delivery. Evidently, joint efforts not only increase output but also a cost-effective exercise to deliver services. Resources of government become optimally utilised.

Therefore, the creation of this programme is part of an attempt to enhance coordination of government planning relating to economic development. This programme is also aimed at collating planning data and also pays attention to identified priority areas for research.

#### 13.3.2. Policies, Priorities and strategic objectives

##### Policies

- Provincial Growth and Development Strategy (PGDS)
- Integrated Development Strategy
- The President's State of the Nations Address
- The Premier's State of the province

##### Priorities

- To put in place the machinery and programmes to implement the PGDS



Strategic goal 1: Stimulate sustainable economic growth and development

Strategic objectives:

- 1.1 Ensure the development of key economic infrastructure

Strategic goal 2: Drive and monitor integrated planning in the province

Strategic objectives:

- 2.1 Facilitate the development of integrated development strategies within the province
- 2.2 Establish and maintain an integrated information management system
- 2.3 To guide decision making on economic development and planning

Strategic goal 3: Reduce unemployment, poverty and inequality

Strategic Objectives:

- 3.1 Initiate and support job creation projects
- 3.2 Ensure the implementation of Broad-based BEE Act

Strategic goal 4: Facilitate human resource development with relevant skills and promote an entrepreneurial culture.

Strategic objectives:

- 4.1 Contribute towards relevant education and training programmes that will address present and future provincial economic skills needs

### 13.3.3. Analysis of constraints and measures planned to overcome them

Constraints

- The Chief Directorate is pretty new and results might not be yield as quickly as expected.
- Securing the services of well-qualified staff for the task ahead might be problematic.

Measures planned to overcome constraints

- To accelerate the process of getting this Chief directorate off the ground

### 13.3.4. Description of planned quality improvement measures

- To enhance human resource development



#### 13.4. Resourcing information

As already alluded to above, the new mandate will put serious strain on our resources, not only financial resources but also human resource. The new programme was not part of our MTEF budget and the department has decided, in the short-term, to cut on certain sub-programmes to fund this newly created programme. In the medium to long-term we intend soliciting more funds from Treasury.

Lack of capacity remains a serious constraint within the department. The skills audit initiated by the Premier will assist us to identify the skills gap existing within the department with the view of subjecting employees to relevant education and training programmes. As soon as this information is available, we will be in a position to cost it properly.



## 14. Capital investment, maintenance and management plan

No long-term capital investment. The Supply Chain Manager is currently preparing the maintenance and asset management plan.

## 15. Coordination, co-operation and outsourcing plans

### 15.1. Interdepartmental linkages

- The sub-programmes within Programme 2 will collaborate with other government departments on various aspects.
- The Tourism and Industry promotion Directorates will collaborate with the Department of Agriculture, Conservation and Environment on the Environmental Impact Assessments on some of their projects.
- The Trade, Gambling and Commerce Directorates will work with the Department of Culture, Sports, Arts and Recreation on the development of emerging exporters in the arts and craft industry.
- The SMME Directorate will continue to work very closely with the Department of Health and Social Services in the development of some of the Poverty Alleviation projects into small businesses.
- The department will also continue with the Department of Public Works on the implementation of the Community-based Public Works programme and the provision of roads and signage of tourism.
- The relationship that has been established with the Department of Labour with regard to the training of SMME's, the Growth and Development Summit process and the Consumer complaints issues is going to continue in the next MTEF period.





- The Department will also continue to collaborate with the Department of Education and the MRTT on the Tourism Academy, the Department of Safety and Security on the regulation of the liquor industry, and in the Tourism Safety and Security programme, and the Department of Local Government and Housing on Local Economic Development.
- At national level, the Department will continue to collaborate with the Departments of Trade and Industry, Environmental Affairs and Tourism and Minerals and Energy.
- We'll also collaborate with the Office of the Premier on various aspects.

#### 15.2. Local government linkages

Through the Department of Local Government and Housing, the Department will continue to work with the municipalities on the IDPs and LEDs.

#### 15.3. Public entities

Table 11: Details of public entities

Name of public entity	Main purpose of public entity
1. Mpumalanga Gaming Board	To promote and regulate the gaming industry
2. Mpumalanga Tourism Agency	To promote and market Mpumalanga as a leading tourist destination
3. Mpumalanga Investment Initiative	To attract foreign direct investment in the Province and also promote export
4. Mpumalanga Economic Empowerment Corporation	To provide financial assistance, industrial and commercial premises to SMME's in the Province

#### 15.4 Private public partnership, outsourcing

The Department is currently not involved in this area of work

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