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## 1. Foreword by the Hon. MEC D.E. Africa

It is once again with a great sense of pleasure that I present the Departmental strategic plan for the Department of Finance and Economic Development to the citizens of the North West Province.

This strategic plan serves to inform you the citizen, of the envisaged goals and objectives set by the department in pursuit of its mandate. This mandate is the progressive realization of a sound financial management system and a pro-poor orientated economic development trajectory aimed at reducing unemployment and eradicating poverty, and putting the Province on a renewed pedestal for economic growth and development.

At the dawn of the second decade of freedom this mandate remains at the heart of our collective efforts in eradicating poverty and underdevelopment in our society. In ensuring that the Department fulfills its mandate to the electorate and that it remains accountable to their representatives, it is important that the department articulates these plans within this statutory document in a manner which will resonate with the expectations of the people as articulated in the Freedom Charter.

This five-year plan provides the public and their representatives with a clearly defined statement of intent from the department, which should ultimately serve as the yardstick against which the department will be held accountable.

In conclusion as we celebrate the Freedom Charter and the vision of a society we seek to build, it must be noted that the significance of this strategic plan does not lie with the fact that it quantifies our plans into measurable objectives. But instead, that it serves to translate the Department's contribution in providing a better life for all the citizens of the Province. Every step we take, every policy we pronounce, every plan we articulate - all these, must be aimed at enhancing the quality of life of the people and realising the vision of the Freedom Charter. This strategic plan is our modest contribution in that regard.





## **2. Overview by the Head of the Department, Mr Phineas Tjie**

### **Five Year Plan**

The Department of Finance and Economic Development is presenting its strategic plan highlighting the five year outlook in line with the current term of office of the current government.

Part of the key challenge the department will be faced with during this period is the implementation of the Provincial Growth and Development Strategy. The successful implementation of this strategy is critical in unlocking the growth prospects of the province.

It is important therefore to gradually begin to reshape our funding strategy towards growth and development.

On the other hand the Department is responsible for the management of public resources. There are many challenges in this area mainly due to the implementation of the Public Finance Management Act (PFMA).

It is critical therefore for the department to strike a balance of playing its dual role effectively to that the product of prudent financial management translates into more resources being availed for implementation of programmes and projects which promote growth and development of our economy.





## **PART A: STRATEGIC OVERVIEW**

### **1. Overview of Strategic and Performance Plan**

This strategic plan ushers the third term of the democratic government. It is also the first plan for the new Department of Finance and Economic Development, which was borne out of the merger of the two departments, namely, Economic Development and Finance.

As the announcement of the merger was made after the 2004/05 budget had already been completed no material adjustments could be effected, as priorities had already been determined.

This strategic plan will in the main represent the combined strategies (without streamline) for the former two departments. It is only in the next budget cycle when the appropriate adjustments will be made.

In this strategic plan the visions and missions of the former departments will be reflected separately.

The main business of the new department is derived from its mandate which is to manage public resources and promote economic development.

Our key focus during the current financial year is twofold, namely

The department will continue with the implementation of the Public Finance Management Act, paying special attention to the procurement reform and asset management on one hand.

On the other hand we will ensure that we build appropriate institutional capacity to be able to address the vexing question of economic development, to ensure that the quality of life of the people of North West Province is improved.

Details of our strategies are outlined in the body of the strategic document.

### **2. Vision**

Prudent management of Public Resources and a sustained, diversified and prosperous economy for the Province

### **3. Mission**

To provide leadership in the efficient management of public resources for effective service





delivery and facilitate a well co ordinated, vibrant, diversified and sustainable economy for the North West Province.

## **4. Values and Operating Principles**

### **4.1. Values**

The following values, which are derived from the constitution, underpin activities of the Department of Finance and Economic Development:

- **Fairness**

We will at all times act in a fair manner towards executing our responsibilities. This means that we will not be biased when dealing with business issues relating to our work.

- **Equity**

We are committed to treating all our clients and employees equitably in all respects.

- **Accessibility**

We remain accessible to stakeholders and role players in the course of executing our responsibilities.

- **Transparency**

We undertake to be transparent in the conduct of our core business

- **Accountability**

We will at all times take full accountability for our business actions and decisions.

- **Participation**

We will participate fully in all areas of our responsibility to satisfy the needs of our clients and stakeholders.

- **Professionalism**

We will apply professionalism and code of ethics in our day-to-day activities and decision-making.

### **4.2. Operating Principles**

In achieving its vision and mission, the Department is guided by the following principles:

- **Impartiality and independence**

- **Acting without favour or prejudice in discharging its powers and functions.**

- **Integrity in working closely with other departments.**

- **Leadership and innovation in financial and resource management**

- **Good working relationships of trust and respect with all clients and stakeholders through consultation, assessment and feedback.**

- **Commitment to and protection of the principle of merit, equity and fairness in employment in the Department.**



## 5. Summary of service delivery environment and challenges

The Department of Finance and Economic Development provides treasury, accounting and economic development services to the North West Provincial Administration. The main challenges faced by the Department in this environment are:

- The need to provide extensive training to departmental officials to ensure smooth implementation of PFMA
- Securing full co-operation of accounting officers in budgeting and effective budgetary controls
- PFMA and Treasury Regulations
- Ensuring timeous clearing of suspense accounts and reporting thereon by the departments
- Ensuring the establishment of effective internal controls in the departments to safeguard assets and secure adherence to policies and regulations
- Curbing procurement irregularities by balancing procurement controls and in-time quality service delivery
- Full implementation of Supply Chain Management in the Provincial Departments
- Implementation of management information systems to support the reporting and control requirements of departments
- Capacity building and skills development is an area that remains crucial to the Department's job creation and economic empowerment efforts in the Province
- Merging entrepreneurial support centres into single board that will have the capacity to empower existing and new SMME's to accelerate Black Economic Empowerment initiatives
- The turnaround of the North West Development Corporation whereby, instead of a proliferation of institutions with inter-related mandates, some of the existing institutions, including the ESC's could be absorbed into a single effective institution that will address all issues of job creation, economic empowerment and skills development
- Linking the local SMME Centres of Excellence with the Multi-Purpose Community Centres, (MPCC)
- The integration and linkages of all Local Economic Development, (LEDs) and Integrated Development Plans (IDP's) of local government spheres into the Provincial macro-economic development plan
- Ensuring that public entities comply with the prescripts of the PFMA, Act 1 of 1999 as amended and do achieve the objectives established.

## 6. Summary of organizational environment and challenges



The Department is made up of ten (10) programmes and three (3) public entities.

The programmes are:

- Human Resource and Support Services
- Provincial Treasury
- Accountant General
- Provincial Internal Audit
- Information Technology
- Small Business Development
- Economic Development, Policy and Research
- Governance and Regulatory services

The Public Entities are:

- Invest North West
- Gambling Board
- MIDZ Board
- Economic Support Centres

The main challenges in the organizational environment are:

- The large number of vacant positions in the structure for which appropriately qualified persons cannot be found;
- Implementation of a cost-effective and efficient structure
- Development of visible HIV/AIDS and other Employee Wellness Programmes

## **7. Legislative and other mandates**

The mandate of the department, which is derived from the legislative framework, is that of the provincial resource controller and promoter of economic development in the province. This means that the department is the custodian of public resources and therefore has the responsibility of managing such resources in accordance with the prescribed legislation.

Our key instrument in this regard is the Public Finance Management Act (PFMA), which gives overall prescription of how public resources are to be managed. Derived from this mandate is our role, which is to support delivery of services by other government departments.





This, the department does through systematic management of the provincial budget and advice to EXCO on all finance related matters. From this outline it is clear that our role is strategic and should therefore be fulfilled professionally so that other departments are in a position to execute their mandates without hindrance. In the past years this mandate has been fulfilled satisfactorily and the department is committed to continue providing that strategic support to create an appropriate climate for effective service delivery by other departments.

The department values all its clients as their success promotes quality of life of the people of the North West Province.

The mandate of the Department arises from the myriad of Legislative Framework and policies, which include the following, amongst others:

- The RDP White Paper;
- The Constitution of South Africa, 1996;
- The North West Development and Industrialization Strategy;
- The Rural Development Strategy (Poverty alleviation);
- The National GEAR Strategy;
- The "National Small Business Act (no. 102 of 1996);
- The Consumer Affairs Practices (Harmful Business Practices) Act 4 of 1996;
- Sale and Services Matters Act 25 of 1996, Credit Agreement Act 75 of 1980, Usury Act 73 of 1968;
- Trade Metrology Act 77 of 1973;
- Liquor Act, 1989;
- The North West Gambling Act of 2002;
- The Public Service Act 1994;
- The Public Finance and Management Act, 2000;
- The Public Service Regulations 2001;
- The White paper on transformation of the Public Service Delivery (Batho Pele) 1997;
- The E-Government: A Public Service IT Policy Framework and the Internet and Electronic-mail Use Policy of the NW Provincial Government;
- The North West Provincial Integrated Disability Strategy mandates the Department to provide Life Skills Training for people with disabilities;
- The Promotion of Access to Information Act 2 of 2000;
- National Minimum Information Security Standard Policy of 1996 and the Protection of Information Act.







## **8. Broad policies, priorities and Strategic Goals**

Broad Policies and Priorities;

- Provide effective and efficient budgeting and resource control services to the North West Provincial Administration;
- Provide professional accounting and financial management services for the North West Provincial Administration, coupled with an effective resource control management service in the Department of Finance and Economic Development;
- Provide effective and efficient internal audit services to the North West Provincial Administration;
- Provide IT strategic direction, leadership and advisory services to the North West Provincial Administration;
- Provide an effective Human Resource and administrative support services to the Department of Finance and Economic Development;
- Foster working relations and promote departmental services to stakeholders;
- Build financial management capacity in the Province;
- Support wealth, job creation and poverty alleviation by expanding economic development, trade and investment promotions in the Province;
- Consumer protection and regulation of Liquor and Gambling industries in the Province.

## **9. Information systems to monitor progress**

The department is using a Provincial Transversal Information System called E2 to record its revenue and expenditure. The system is able to control the departmental budget and to safe guard assets information in an electronic format. The department is also utilising reports such as In Year Monitoring (IYM), monthly and quarterly reports and Annual reports etc. for monitoring and controlling the revenue and expenditure. The system for the implementation of the accounting reforms as outlined by PFMA is a challenge for the department during the coming years.

The department is utilising assistance of an Internal Audit unit established at the provincial level. Internal Audit reports are presented with Provincial Audit Committee.

## **10. Description of strategic planning process**

The process started at programme manager level where each division within the department met and undertook extensive review of the challenges facing their divisions. This exercise gave each manager an opportunity to assess his/her contribution towards the achievement of the department's vision, mission and goals.





Additionally, this exercise assisted the managers to decide on the key strategic goals they wish to pursue in the coming year to ensure success in addressing our core business. This was basically phase one of the strategic planning process.

Phase one was followed by a departmental lekgotla at which strategic options were put forward and discussed for implementation in the coming financial year. The challenge here was whether the strategies, which were put forward, were critical for achieving the mission of the department. All what happened at this stage was to eliminate those strategies, which, in the collective view of top management, would not make a meaningful contribution towards achieving our main goal.

Once the strategic goals were agreed upon we worked out strategic objectives for each goal to ensure that our main goal will be achieved. What was also noticed at this stage was the fact that some of our strategic goals would extend beyond one financial year. In this case the medium term context was applied to ensure that resources are allocated to cover the full span of such strategic goals.

The third phase was the matching of our grand plan to the available resources to ensure that the department will do what it set out to do without hindrance. Each division understands what is required to achieve our strategic goals. The consolidated strategic plan for the department, as presented, was compiled from consensus reached at the workshop.





## **PART B: FIVE YEAR STRATEGIC AND PERFORMANCE PLAN**

### **PROGRAMME 1: HUMAN RESOURCE AND SUPPORT SERVICE**

The programme is mainly dealing with Human Resource administration and support services of the entire department. These activities are provided to other Directorates within the Department to assist in the delivery of effective services throughout the North West Province.

#### **1. SITUATIONAL ANALYSIS**

The Programme offers essential strategic Human Resource, administrative support and Communication services the Office of the MEC, and the entire Department. It is made up of the following sub – programmes:

- Human Resources and Support Services with the following divisions

Human Resource Management,

Training & Transformation

Employee Wellness

Transport Logistics and Registry

- Communications

The Communications sub – programme participates in all the Departmental events, especially the significant events such as the Provincial Growth and Development Summit, the Budget Speeches, and the Mega Expo. The sub programme also serves as part of a Provincial Communications Forum, that drives and implements provincial events and communications programmes across all departments and events such as Imbizos, Roving EXCO's,

Demand for services being produced by the Programme

The programme provides services to other Directorates within the Department to assist in the delivery of effective services throughout the North West Province. Most of the programme offered is as per DPSA directives as well as PSSBC resolutions. The following are services offered by the Programme

- Recruitment and Selection
- Job Evaluation



- Labour Relations
- Personnel and Payroll Administration
- Implementation and coordination Performance Management
- Coordination of Training and HR Transformation Activities
- Transport, Messenger and Logistical services
- Employee Wellness (Employee Assistance, Occupational Health & Safety and HIV/AIDS Awareness)
- Management and operating of the Departmental Library and Resource centre
- Cooperate Identity Management and Marketing
- Internal Communication
- Media Liaison and Public Relations services
- External communication and stakeholder liaison
- Assist with Departmental event coordination/management
- Assist Programmes with information dissemination
- Speech writing

### **Appraisal of existing services and performance**

The services offered by the Programme are essential as it provides the support that enables other Directorates to achieve their mandate to the citizenry of the Province. Services provided ensure that:

- The Department has the required human resources at the right time through recruitment and selection
- The Department complies with Labour Legislation in its operations and thus minimizes the risk of litigations emanating from non compliance
- Address staff problems that may impede service delivery thus improves the Departmental productivity
- Assists the achievement of strategic objectives through the Performance Management and Development System
- Promotes the image of the Department through communicating services offered, achievements and activities as well as coordinating and fashioning policy pronouncements made by the Executing Authority



## **Key challenges over the Strategic Period**

The following are key challenges facing the Programme over the Strategic Plan period:

- Implementing and entrenching the Performance Management and Development System
- Strengthening staff capacity - The Programme has skills deficiency, Limited potential in some cases and over-stretched skilled staff and this impedes implementation of varied DPSA requirements.
- Retention of skilled staff in the Directorate – high turnover rate creates instability in carrying out planned HR professional activities
- Development and maintenance of visible HIV/AIDS and other Employee Wellness Programmes
- Facilitating and coordinating Human Resource Development programmes that address the skills requirements of staffing the Department
- Achieving Equity targets as outlined in the Departmental Equity Plan.
- Coordination and /implementation of Learner ships
- Filling of large number of vacant positions in the Department using skeletal staff
- Office Space and other conditions of service (ablution facilities, etc.)
- Acquiring new Pool Vehicles
- Implementation and management of Departmental Corporate identity
- Development and implementation of Departmental Communication policy

## **Other Strategic Issues**

The programme intends to embark on a process of realignment of its structure and systems to ensure that it meets expectations of its stakeholders. This process will involve the development, review and administration of internal Human Resources policies, processes and procedures in





line with legislative requirements and review internal control measures. The Communication of such policies and procedures will also be enhanced. The internal HRD strategy will be developed over the strategic period that will focus on skills development process for the Departmental staff.

The duties of the programme are largely consultative in nature thus establishment of several Committees is a requirement, as we need to consult before most of the work produced can be approved. Line Management commitment to submission of requisite documents on set deadlines has a huge impact on the delivery of the programme and non-compliance is a serious challenge.

## **2. POLICIES, PRIORITIES AND STRATEGIC OBJECTIVES**

The mandate of the Directorate is derived from:

- The Public Service Act 1994
- The Public Service Regulations 2001 as amended
- The White Paper on Transformation of the Public Service Delivery 1997
- Varied Labour Legislation
- DPSA Handbook on Managing HIV/AIDS in the Workplace
- PSSBC Resolutions
- COMTASK 2000 Report
- The Provincial Communications Policy Framework
- GCIS Government Communications' Handbook

The Directorate is at the forefront of Human Resource Transformation initiatives and thus has to adhere to:

- Implementation of Transformation initiatives such as implementation and coordination of Learnerships in the Department
- Implementation and entrenching the Performance Management and Development System
- Develop visible HIV/AIDS Programmes and Employee Wellness programmes
- Implement DPSA directives and PSCBC Resolutions as and when requested
- Compliance and Adherence to changes in the Labour Legislation.





The strategic goals and objectives of the programme are as follows:

Strategic Goals	Strategic Objectives
Provide effective Human Resource and administrative support to the Department	<ul style="list-style-type: none"><li>• Render an effective, efficient and professional Human Resource and administrative support to the Department</li><li>• To promote sound Labour relations in the workplace</li><li>• To coordinate provision of Training and Development of staff and implement Transformational initiatives</li><li>• To promote employee wellness and Health and Safety matters</li><li>• To provide an effective Transport and Registry support services</li></ul>
Provide an effective communication service to the department.	<ul style="list-style-type: none"><li>• To improve corporate image of the department</li><li>• To facilitate effective internal and corporate communication service to the Department, and the Province.</li></ul>



### 3. ANALYSIS OF CONSTRAINTS AND MEASURES TO OVERCOME THEM

The identified constraints are to be addressed as indicated in the table below:

Constraints	Risks	Measures planned to overcome them
Skills Deficiency/Turnover of skilled staff and over stretched skilled staff	Staff burnout due to being overloaded  Increased staff turnover  Low moral.  Risk of essential services being neglected.	Recruitment of skilled staff and/or Capacity building (Training)  Proposed additional staff requirements made and awaiting approval/response
Visible HIV/AIDS and Employee Wellness Programmes need to be enhanced	Loss of staff due to HIV/AIDS and this will compromise the Departments service delivery	Establishment of a Wellness Clinic  HIV/AIDS education and awareness  Establishment of a Voluntary Counselling and testing facility
Conditions of service (Office space, Ablution facilities, etc.)	Non compliance to Health and Safety Act that may result in increased claims for compensation due to accidents at work	Adherence to Occupational and Health Act in Garona building would help.
Record Keeping	Human Resources confidential information may be compromised  Transport data for continuity of internal control on claims	Installing record keeping cabinets  Training of staff on excel spread sheet Creation of Transport file server in the mainframe
Achieving Equity targets – Recruitment and accommodation of Disabled people	Non compliance to Employment Equity Legislation	Commitment to achieving targets - Management to set annual equity targets and identify affirmative action positions to guide recruitment  Compatible work facilities for disabled to be put in place



**3. ANALYSIS OF CONSTRAINTS AND MEASURES TO OVERCOME THEM (Cont.)**

<b>Constraints</b>	<b>Risk</b>	<b>Measures planned to overcome them</b>
Maintenance of Confidentiality	Non disclosure of status and possible litigation due to non maintenance of confidentiality	Public Oath of confidentiality to be signed by HR personnel  Disciplinary action against culprits
Management of Leave and absence from work stations	Loss of money	Strengthen internal controls on Leave Administration  Computerization of the Leave system would help
Line Management regard HR issues as an add rather than part of their responsibilities	Overstretch HR personnel  Non-compliance may lead to unnecessary Labour disputes.	Changing mindset of Line Management to adhere to deadlines in terms of their submissions of HR related activities of their work  Regular briefing/information sessions on issues that requires Line Management input
Old fleet	Vehicles Accident prone thus may lead to loss of life and or assets	Acquisition of new fleet
Regular attendance of Committee members to HR related Committees	Decisions requiring consultation not taken and/or compromised  Compromised HR programmes/ processes	Committee work to form part of the KPA's in the Committee members work-plans
Communication function is still not fully understood by the departmental senior management and staff in general	Department will face a public crisis for which it is ill prepared.  Communication conducted on an adhoc and uncoordinated fashion.	Communication workshop for management in the department.  Regular management briefings on programme performance and projects.  Implementing regular media open days with managers and staff.

#### 4. PLANNED QUALITY IMPROVEMENT MEASURES

The programme intends to engage in the following interventions to improve quality of services:

- Team building exercises
- Conduct Service Evaluation Questionnaires
- Implementation of PMDS – Monitoring performance evaluations
- Filling of vacant positions in the Directorate
- Centralized control of Cleaning staff
- Reorientation towards usage of pool vehicles instead subsidy vehicles
- Inclusion of Committee work in Committee members work-plans
- Use results of baseline measurement, Needs analysis and KAPB surveys conducted to structure Employee Wellness programmes offered
- Make the Peer Education programme operational with regards to HIV/AIDS

#### 5. RESOURCE INFORMATION

The Department has undergone a merger of former two Departments and increased the number of personnel and that increased the workload. Unfortunately the Administration Programme of the erstwhile Department of Economic Development and Tourism was not transferred to the newly created Department. Non-transfer of the administrative staff has added to the struggle to retain staff in professional Human Resource activities. The programme also requires services of specialized skills.

Human Resources systems currently in use do not assist in the management of information (for example, leave administration) and management information takes time to be produced. This at times results in lengthy manual exercises. The programme has several constraints that have been indicated above.



## PROGRAMME 2: PROVINCIAL TREASURY

Provide effective and efficient budgeting and resource control services to the North West Provincial Government (NWPG).

Provincial Treasury has six distinct sub programmes structured as follows:

- Budget Planning & Implementation
- Resource Management
- Revenue Control and Cash Management
- Forensic Accounting
- Provincial Procurement Systems Management
- Municipal Support

### 1. SITUATION ANALYSIS

The programme manages the following areas outlined below:

- Implements fiscal policies and strategies in accordance with the Public Finance Management Act, Act 1 of 1999 as amended (PFMA) and the Provincial Government's requirements and control and monitor the implementation of the provincial budgets.
- Monitors and controls provincial departments' expenditure and revenue and reports to the Legislature, Budget Oversight Committee and national treasury.
- Manages and controls provincial departments' revenue and ensures that departmental debts are recovered.
- Manages the provincial cash flow.
- Provides procurement management support services to provincial departments.
- Provides fraud prevention and control services to provincial departments and also investigates alleged cases of fraud and corruption in the NWPA.
- Offers support to provincial municipalities in terms of the Municipal Finance Management Act (MFMA).

#### Demand for services

Although the bulk of the demand for the Programme's services are determined by the PFMA, the demand is increased by the Members of the Legislature, Executive Council and national treasury for information and statistics not required in terms of the Act. Provincial departments also rely on the Programme for advice, support and assistance on financial related matters.



The demand for service by Municipalities is determined by the MFMA. However, in line with cooperative governance the programme is not enforcing the provisions of the MFMA but it is still creating a demand for the services through consultation. The demand for municipal services will still increase over the period under discussion.

### **Appraisal of existing services and performance**

Most of the services rendered by the Programme has been established over the past ten years and is of a high standard. Provincial departments have confidence in the services rendered by the programme and depend on the officials for advice, support and assistance. The Programme's capacity will be extended over the strategic plan to cater for the ever-increasing demand.

The service rendered by the Sub-programme: Provincial Procurement Systems Management is changing from that of a Tender Board to training, supporting and advising departments on Supply Chain Management. The demand for the services of this sub-programme is rapidly increasing and should increase further over the strategic plan period.

### **Key challenges over the strategic period:**

The main key challenge during the strategic plan period will be to maintain the strict financial discipline exercised over the first ten years. The Programme will also face the following key challenges:

- Obtain acceptance from Municipalities with the implementation of the MFMA.
- Implement Supply Chain Management within the Provincial Administration in terms of the relevant legislation and regulations while optimizing the upliftment of previously disadvantaged individuals. (PDI)
- The new provincial boundaries will most probably reduce the provincial equitable share and will also result in departments being restructured to address the changing demand.

## **2. POLICIES, PRIORITIES AND STRATEGIC OBJECTIVES**

### **Policies**

Ensuring that sufficient money is available to support the Provincial Growth and Development Strategy will be the main challenges applicable to the Programme. The strategic plan period will be guided by the Provincial Growth and Development Strategy, which provides a framework with-



in which all economic development efforts will be undertaken.

This main policy objective includes all other provincial policies applicable to the Programme, including those contained in the PFMA and MFMA.

### Priorities

Additional to the Provincial Growth and Development Strategy, the Programme is responsible to financially support all other provincial and national priorities.

**The strategic goals and objectives of the programme are as follows:**

Strategic Goals	Strategic Objectives
Provide effective and efficient budgeting and resource control services to the North West Provincial Government.	<ul style="list-style-type: none"><li>• Maintain the strict financial management discipline</li><li>• Ensuring that sufficient money is available to support the Provincial Growth and Development Strategy</li><li>• Obtain acceptance from Municipalities with the implementation of the MFMA.</li><li>• Implement Supply Chain Management within the Provincial Administration in terms of the relevant legislation and regulations while optimizing the upliftment of previously disadvantaged individuals. (PDI)</li><li>• Bring fraud and corruption in the Provincial Administration under <b>control</b></li></ul>

### 3. ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM

Constraints	Measures to overcome them
<ul style="list-style-type: none"> <li>Insufficient capacity in the Programme. This has been a constraint caused by the lack of the required skills outside the programme.</li> <li>Lack of capacity in departments to implement Supply Chain Management. Supply Chain Management is a relatively new concept that will take time to be accepted by departments.</li> <li>Obtain acceptance from Municipalities for this programme to implement the MFMA. Acceptance cannot be forced-down on municipalities even if it is in terms of the MFMA.</li> </ul>	<ul style="list-style-type: none"> <li>The programme will introduce a skills development programme to train officials to fill the capacity gaps. This will be an ongoing programme that should start yielding results after two years.</li> <li>The Programme has already started with an intensive training programme. However, because of the wide field to be covered in this regard, the training will have to be adjusted from time to time to concentrate on areas where there is a need. The Programme is also capacitating itself to provide assistance to departments.</li> <li>Full acceptance will only be obtained through regular communication with municipalities and proving that the Programme has the skills and knowledge to support municipalities. To overcome this constraint, capacity building in the Programme must be successful implemented.</li> </ul>

### 4. PLANNED QUALITY IMPROVEMENT MEASURES

The quality of the Programme's activities can only be improved if capacity constraints as explained under 1.2.4 can be overcome. Quality improvement by this Programme will also impact positively on the quality of performance in all provincial departments.

### 5. RESOURCE INFORMATION

The lack of financial resources is not a major constraint of this Programme. Relatively few financial resources are required and the only significant increase required will be to expand the Programme's services to cater for the increasing demand.

The lack of trained human resources is, and would be over the strategic plan period, the main concern. However, the Programme has shown the ability to overcome constraints in the past and would continue to do so until the capacity problem has been eliminated.



## **PROGRAMME 3: ACCOUNTANT GENERAL**

Office of the Accountant General's aim is to provide quality professional accounting services to the departments in the North West Province. It also serves as a knowledge base that provides accounting direction to the twelve departments in the North West province.

It has three distinct sub-programmes structured as follows:

- Provincial Accounting
- Macro Finance
- Departmental Financial Management

### **1. SITUATION ANALYSIS**

The office of the Accountant General serves as a focal point where all financial information is centrally processed and coordinated to generate reports that are utilized by the North West Provincial Administration. It serves as a central place where all suppliers' cheques are processed, printed and forwarded to the various locations in the Province.

It also acts as an Accounting officer for the department of Finance and Economic Development and it is important to note that the department has consistently received an unqualified audit opinion for the last four years in a row.

During the past year, emphasis was mainly on the implementation of the provisions of PFMA and managing the transition from cash accounting to accrual accounting. It is important to note that 9 departments in the province achieved unqualified audit opinion during 2003/04 financial year.

There are two key challenges facing us over the strategic plan period firstly, bridging the knowledge gap when phasing in accrual accounting and secondly implementation of the new procurement reforms.

### **2. POLICIES, PRIORITIES AND STRATEGIC OBJECTIVES**

#### **2.1 Policies relevant to the programme for the running**

The following policy developments had an impact on the operations of the Office of Accountant General: -





- The implementation of Public Finance Management Act (PFMA) with respect to design of standard chart of accounts, procurements, and monthly reporting
- The implementation of asset management guideline in line with generally recognized accounting practice (GRAP) with regards to accrual basis of accounting
- The new Treasury Regulations – introduction of reforms in public sector accounting practices (Accounting Standard Board), procurement, provisioning and budgeting

## 2.2 Priorities

- Accrual accounting: Skill gap analysis was done and financial management skills training was undertaken since 01 November 2002 in preparation for accrual accounting implementation. The programme covers all provincial Departments except the Department of Education and will be completed during August 2005. A revised skills analysis per department need to be performed to identify the potential need of resources to effectively move to Accrual Accounting.
- Asset management: The compilation of an electronic fixed asset register commenced on 01 November 2002 with the capturing/"take-on" of old assets onto the Walker (e2) fixed asset module. The process is taken as a precursor to the implementation of the accrual accounting.
- Inventory management: Inventory management module acquired in line with GRAP with regards to accrual basis of accounting should be piloted in 3 departments during this year.







### 2.3 The strategic goals and objectives of the programme

Strategic Goals	Strategic Objectives
1. Provide professional accounting and financial management services for the North West Provincial Administration by building financial management capacity	<ul style="list-style-type: none"> <li>• To provide quality accounting services in the province</li> <li>• To establish a dynamic and well functioning supplier payment system</li> <li>• To implement effective financial reporting in the province in line with PFMA and Generally Recognised Accounting Practice (GRAP)</li> <li>• To maintain reliable, accurate and effective financial accounting systems in line with GRAP</li> <li>• To facilitate research and development of accounting systems and processes in line with GRAP and PFMA</li> <li>• Develop and implement effective financial management system in the department</li> <li>• To provide financial management capacity in the twelve (12) provincial departments</li> </ul>
2. Develop and implement effective financial management system in the department	<ul style="list-style-type: none"> <li>• To implement effective financial management</li> <li>• To transform cash basis of accounting to accrual accounting</li> </ul>

### 3. ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM

CONSTRAINT	MEASURES TO BE TAKEN
Attracting qualified staff	<ul style="list-style-type: none"> <li>• Develop internal human resource targeted recruitment strategy</li> <li>• Internship program</li> </ul>
Bridging the gap between cash and accrual accounting	<ul style="list-style-type: none"> <li>• Skills Gap Analysis</li> <li>• Implement GRAP</li> <li>• Training</li> </ul>
Suppliers turn around time	Implement electronic funds transfer and improve communication





#### 4. DESCRIPTION OF PLANNED QUALITY IMPROVEMENT MEASURES

The main objective of training more than 600 officers in the CFO's division of eleven Departments was to improve their skills with respect to the following:

- Accrual accounting
- Asset management/fixed asset register
- Supply chain management
- Implementation of GRAP
- Implementation of Inventory Management

Officials at higher level also went through six modules with an object of addressing the identified deficiencies with respect to financial management skills.

#### 5. RESOURCE INFORMATION

The following resources will be critical to execute the envisaged strategic plan:

- Staffing critical positions: mainly positions from the level of Assistant Director and above. The challenge is to attract skilled and committed people to the Province.
- Technology: hardware and software will remain rank among the critical resources due to globalization
- Office accommodation: shortage of office space has reached critical proportions already.
- Knowledge management (library): a library with up to date books (GAAP, Tax, Labour Relations, etc) will become essential as Acts and other practices change with changing technology.
- Succession and retention plans: reasons mentioned under staffing of critical positions make the development of a retention policy a necessity.





## PROGRAMME 4: PROVINCIAL INTERNAL AUDIT

The Provincial Internal Audit was set up under sections 38 (1)(a)(i) and 76 (4)(e) of the Public Finance Management Act (PFMA) and mandated by EXCO Resolution 4.4 of 18 May 2001 as a shared function for the North West Provincial Administration in terms of paragraph 3.2.3 of the Treasury Regulations.

Provincial Internal Audit as a shared function for the North West Provincial Administration has been structured along the governance clusters. There are three clusters with each cluster consisting of three to four departments headed by a Director. Each department has a dedicated audit team under an Audit Manager at the level of a Deputy Director. In addition to the clusters there are two sub-directorates for specialized audits and auxiliary services respectively.

The scope of internal audit function in the Provincial Administration is defined by the Treasury Regulations. In terms of the Treasury Regulations, Provincial Internal Audit is expected to:

- i) audit the operational procedures and monitoring mechanisms over all transfer payments made or received by provincial departments.  
(par. 3.2.8)
- ii) assist Accounting Officers in maintaining efficient and effective controls by evaluating those controls and developing recommendations for enhancement and improvement in the following areas:
  - the information system environment;
  - the reliability and integrity of financial and operational information;
  - the effectiveness of operations;
  - safeguarding of assets; and
  - compliance with laws, regulations and controls. (par. 3.2.11)
- iii) assist Accounting Officers in achieving the objectives of their respective departments by evaluating and developing recommendations for the enhancement and improvement of the processes through which:
  - objectives and values are established and communicated;
  - the accomplishment of objectives is monitored;
  - accountability is ensured; and
  - corporate values are preserved. (par. 3.2.12)





- iv) co-ordinate with the Auditor General to ensure proper audit coverage and to minimize duplication of effort. (par. 3.2.10).

## **1. SITUATION ANALYSIS**

The focus areas of Provincial Internal Audit activities are the following:

- Risk assessment;
- Review of internal controls and systems (including IT systems) in agreed business processes;
- Review of compliance to organisational acts, regulations, policies, procedures and contracts;
- Examination of financial, management and operating information; and
- Performance review

Although investigating fraud and other irregularities are not a primary focus of internal audit's approach, a close liaison with management will be maintained should such issues be identified. Such cases will be referred to the Forensic Audit Directorate.

In the past year Provincial Internal Audit conducted risk assessments in all 11 provincial departments. It also completed 44 audit assignments. The extent of coverage of the internal audit activities in the past year was however limited by the lack of audit personnel due to high staff turnover.

## **2. POLICIES, PRIORITIES AND STRATEGIC OBJECTIVES**

The following policy developments had an impact on the operations of Internal Audit:-

- Public Finance Management Act (PFMA)
- Treasury Regulations
- Generally Recognized Accounting Practice (GRAP)





The strategic goals and objectives of the Programme are as follows:

Strategic Goals	Strategic Objectives
1. Provide effective and efficient internal audit services to the North West Provincial Administration.	<div>1.1 Perform comprehensive risk-based audits in provincial departments in accordance with the IIA Standards.</div> <div>1.2 Perform specialized audits in provincial departments</div> <div>1.3 Build internal capacity in Provincial Internal Audit</div> <div>1.4 Market Internal Audit function</div>

### 3. ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM

#### 3.1. Constraints

Provincial Internal Audit faces three main challenges in its effort to provide efficient and effective internal audit services to the North West Provincial Administration:

- High staff turnover

The Provincial Internal Audit function is plagued by high staff turnover. In the current year alone the Division has lost 38 auditors through resignations and transfers. Periodic recruitments are conducted to fill the vacancies. A staff retention strategy has also been proposed in this regard.

- Lack of financial management skills in provincial departments

The general lack of financial management skills in the provincial administration naturally increases the inherent and control risks in the operating environment. This places the onus on Provincial Internal Audit not only to assess and audit these risks but also to provide professional advice on the establishment and maintenance of internal controls to minimize these risks. A training program for auditors is in place to enhance their level of professionalism to enable them to render the necessary advisory and consultancy services to the departments.

- Lack of understanding of internal audit function among management and staff of provincial departments.





The general perception in the provincial departments of internal auditing as a "policing function" deprives the function of the necessary co-operation it requires to discharge its duties efficiently and effectively. The "us and them" attitude need to be replaced with "us together" in forging good corporate governance practices in the provincial administration.

### **3.2. Planned measures**

The following measures will be instituted in the various strategic focus areas to address these constraints.

#### **i) Building capacity in Provincial Internal Audit**

It is recognized that the core objectives of Provincial Internal Audit cannot be achieved without the appropriate capacity in terms of staff numbers and staff skills. In addition, professional ethics require that staff is given continuous professional development and training.

To this end:

- The organisational structure will be improved as part of a staff retention strategy.
- Auditors from external firms will be co-sourced to supplement internal capacity in the roll-out of annual operational plans.
- The Auxiliary sub-directorate will be appropriately staffed to provide the necessary support services in terms of continuous education and training, compilation of audit manual and provision of systems support to the audit teams.

#### **ii) Assisting provincial departments to put in place proper risk management plans and strategies.**

This will be achieved by providing technical assistance in:

- Conducting comprehensive risk assessments on a three-year cycle interspersed with yearly reviews
- Preparing comprehensive fraud prevention plans
- Preparing and implementing risk management plans





iii) Strengthening the co-operation and understanding between Departments and Provincial Internal Audit

This is a challenge that has to be tackled by the Head of Provincial Internal Audit with the support of the Audit Committee to create a high level of understanding and co-operation from the Accounting Officers and their officials that will be conducive to the effective and efficient performance of the internal audit function. This will be done through presentations to departments, periodic meetings with management and occasional attendance of EXTECH meetings.

#### **4. DESCRIPTION OF PLANNED QUALITY IMPROVEMENT MEASURES**

Provincial Internal Audit is committed to performing its work in accordance with professional standards and code of ethics. Audits will be properly planned, supervised and reviewed to ensure that high quality standards are achieved on all audit assignments.

Staff will be encouraged to join the Institute of Internal Auditors. Continuous professional training and development will be undertaken to bring and keep staff abreast with current developments in the profession.

Peer reviews will be actively encouraged. Internal reviews will be conducted every other year and external reviews by professionally recognized teams every five years.

#### **5. RESOURCE INFORMATION**

Auditing is a personal skill and, as such, increases in the scope of activities require corresponding increases in the number and skills of personnel. The current staff complement of 80 auditors which includes 23 interns is roughly 60% of the establishment. With the high demand for internal auditors in the country, the Division does not envisage to fill all the existing vacancies in the planning period. New appointments during the planning period will be limited to replacing staff who resign. Internal capacity will be supplemented with 20 interns on practical training and outsourced staff from external audit firms.

Other resource requirements for the planning period include replacement of old and non-functional computers, the purchase of 6 pool cars and office furniture for new employees.





## PROGRAMME 5: INFORMATION TECHNOLOGY

The Information Technology Directorate's primary responsibility is to facilitate the coordination of information technology solutions to transform and accelerate service delivery for the improvement of the quality of life for all North West citizens.

It has five sub programmes structured as follows:

- Quality Assurance
- Data Technology
- Networks
- Development
- Customer Care Centre

### 1. SITUATION ANALYSIS

In an attempt to align itself with the key requirements of the Provincial Master Systems Plan (MSP), the IT Directorate had to refocus its priorities to meet the increasing demand of Provincial Departments. Assuming the role of a Central ICT Service Provider for the NWPG, the Directorate had to reevaluate its "core services" focusing on the enterprise as a whole, rather on a specific Provincial Department. As such, the "core services" of the Central IT Directorate focuses on the provision of ICT solutions shared or common to all Provincial Departments thus creating operational effectiveness and subsequently enabling the Provincial Government to capitalize on economies of scale.

#### 1.1. Existing Services

- Service: 01 Project Management Services
- Service: 02 IS/IT Security Management and Disaster Recovery Services
- Service: 03 ICT Collaboration Services
- Service: 04 Quality and Service Level Management Services
- Service: 05 Network Services (Plan, Maintenance and Support)
- Service: 06 Enterprise Architecture (Maintenance and Support)
- Service: 07 Storage Management and Server Installation Services
- Service: 08 User Support (shared service support) Services
- Service: 09 Procurement standardisation, change management and infrastructure support services







- Service: 10 Enterprise-Wide Information Systems Planning & Design, and Application Integration
- Service: 11 Enterprise-Wide Data (Shared Data) and Document Management Services
- Service: 12 Business Intelligence Services

## 1.2. Key Challenges

The MSP is directly aligned to the corporate objectives of the Provincial Government. Sustaining this alignment requires the following:

- **ICT Governance**  
The establishment and successful rollout of the Provincial IT Council is cardinal to ensure that the MSP remains aligned to the needs of the NWPG.
- **Skills development in NWPG**  
Creating the appropriate organisational structures in Provincial Departments and the building of human capacity in areas such as business analysis, information management, process modeling, project management and vendor/contract management will be crucial.
- **Establishing Core Processes across NWPG**  
Changing the operational activities of the Provincial Government from a functional (silo-orientated) environment to a much more open systems (process-orientated) environment. This would infer the identification of core provincial processes and the seamless arrangement and management of these core processes across multiple Provincial Departments.
- **Consolidation and Standardisation**  
The consolidation of non-critical and critical systems is a major challenge to overcome in order to minimize duplication in Government. Agreed upon Architectural Models (data, communications, software and computing standards) for the Provincial Government is vital.
- **Transition to SITA**  
The absorption of key Central IT services by SITA





## **2. POLICIES, PRIORITIES AND STRATEGIC OBJECTIVES**

### **2.1. Policies**

Key policies to ensure the fruition of the goals of the IT Directorate includes, but is not limited to:

- Adoption and implementation of the Provincial Enterprise Architecture Policy which governs ICT investment across all Provincial Departments
- The successful rollout and appropriate awareness raising of the requirements of the Provincial ICT Security Policy
- Adoption and rollout of all ICT Procedures and Standards to create operational effectiveness in Government.
- Alignment to the SITA Act

### **2.2. Priorities**

Key priorities for the IT Directorate include:

- Adoption and rollout of the Provincial Master Systems Plan (MSP)
- Establishment and fully functional Provincial IT Council
- Consolidation of duplicate systems and the integration thereof.
- Ratification of Standardised Architectural Models for the Provincial Government
- An effective skills development programme for ICT Managers in Government
- The prioritisation and implementation of provincial ICT projects
- The establishment of the End-User-Environment
- Ratification of the revised IT Directorate organisational structure
- SITA transition





### 2.3. Strategic goals and objectives of the programme are as follows:

Strategic Goals	Strategic Objectives
<p>1. Provide ICT leadership, support and advisory services to strengthen the strategic, tactical and operational decision making in NWPG</p>	<p>1.1 To ensure that the Master Systems plan is in continual support and alignment with the corporate goals of NWPG</p> <p>1.2 To provide Business Intelligence information to enhance structured decision making in NWPG</p> <p>1.3 To provide enterprise-wide solutions to the NWPG</p> <p>1.4 To understand the needs and expectations of the customer through Service Level Management</p> <p>1.5 Provide an enterprise project management central repository, standardised methodology and training support to the NWPG</p>
<p>2. Facilitate the standardisation and integration of technologies in NWPG</p>	<p>2.1 To provide end-to-end Networks solutions based on legislated standards</p> <p>2.2 To provide standardised collaboration services</p> <p>2.3 To provide the means to integrate all Government information systems</p> <p>2.4 To identify and maintain data common to all Departments as means to create normalised data</p> <p>2.5 To provide generic policies and standards for the procurement of desktop hardware and software</p>
<p>3. Facilitate NWPG's transformation process of moving towards integrated service delivery by ensuring that key Government services will be accessible electronically in ways that make sense to its customers<sup>7</sup>.</p>	<p>3.1 To provide and maintain Enterprise Application Integration solutions to facilitate the rollout of e-Gateway</p> <p>3.2 To ensure the preservation of confidentiality, integrity and availability of Government information assets</p>





Strategic Goals	Strategic Objectives
4. Fortify ICT management and technical skills within NWPG	<p>4.1 To develop, implement and maintain a comprehensive Human Resource Management and Development Plan and ensure its alignment to the overall corporate objectives of the Directorate</p> <p>4.2 To facilitate the development and implementation of IS/IT Management Training</p> <p>4.3 To facilitate User Training for products and services provided by the IT Directorate</p>

### 3. ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM

Potential Risks	Risk Aversion
Delay in the ratification of the MSP	Adoption of the MSP and the establishment of the PGITOC
Ensuring the Provincial Departments are fully capable of managing their own department specific ICT environment	Assist with the rollout of Departmental SISP's. Encourage the speedy appointment of the Provincial GITO and the establishment of appropriate ICT organisational structures in Provincial Departments
Creating a standardised Architecture to facilitate the development of Customer Service Level Agreements	Develop agreed upon procurement standards for computing, data, communications, software
Creating the project-based organisation for ICT projects	Adoption of a common NWPG Project management methodology and single-solution system
Ensure that the network architecture fully supports the demanding needs of Provincial Departments	Ensure that network upgrades are in support of key applications (maintained and new applications)
Offer single-solution collaboration to the Provincial Government	Reduce the number of email systems in Government and provide communication solutions applicable to the needs of Provincial Departments
Consolidating and integrating Government systems to create the desired e-Government environment	Identify and reduce the number of duplicate systems in Government. Rollout of middleware solutions to strengthen the integration of applications across Departments
Minimise data redundancy in Government	Establish the Provincial Data Dictionary and Governance





### 3. ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM (Cont.)

Potential Risks	Risk Aversion
Rollout of the ICT Security Policy	PGITOC to create a Security Awareness Programme
Ratification of the revised IT Organisational Structure to ensure availability of key skills	EXCO to adopt
Develop users ability to make better use of ICT tools	Identify users needs and develop technology literacy training programmes (for those systems / products managed by Central IT)
Develop key ICT Management and technical skills in Government	In collaboration with OTP, develop a comprehensive ICT Management Development Programme

### 4. PLANNED QUALITY IMPROVEMENT MEASURES

The provision of quality products and services is cardinal to any central IT unit. To ensure that the Directorate offers such quality products and services, it intends finalizing the development of its Sourcing Strategy (Services Handbook) which will detail the "products & services" to be delivered for each Core Service. Once defined, the IT Directorate will enter into Customer Service Level Agreements with each Provincial Department.

The requirements for the deliverance of each "product and service" will be directly linked to Performance Measurement of each sub-programme, IT personnel and Vendors. Continuous improvements will be made at the end each fiscal period

## PROGRAMME 6: SMALL BUSINESS DEVELOPMENT

The Small Business Development Program is responsible for establishing effective and efficient Small Medium and Micro Enterprises in the province and facilitates entrepreneurial development and support to enhance their competitiveness across all sectors of the economy. Implementation of this program is through identification and support of new, emerging and established small industries in different sectors of the economy within the parameters of the declared spatial development initiative program residing as a sub program under this main program. The programs clients are Enterprises defined as SMMEs, community projects, small industries and cooperatives owned by previously disadvantaged individuals.

### 1. SITUATION ANALYSIS

#### 1.1 The demand for the services being produced by the program

The North West Province is among the provinces with high prevalence of poverty, unemployment and low economic growth rate. The income gaps remains very high and low levels of income result in low demand resulting in low rates of necessary multipliers to boost economic growth. Accordingly, the establishment of new SMMEs; support of new and emerging SMMEs and support of community initiative to establish very small enterprises and industries is regarded as one of the strategies that has potential to increase levels of income to alleviate poverty on one hand and pull previously disadvantaged people into the mainstream economy. Such an active involvement of people through ownership of SMME has the potential to induce high demand and induce economic growth.

At least 78% of SMMEs in South Africa collapse after short life span due to lack of after care and support. Most of these SMMEs and Small Industries need skills, access to finance and markets, access to information and incubation. The Small Business Development Services are intended to alleviate these problems faced by enterprises in the province.

Job creation, human resource development, restructuring of the space economy, infrastructure development, facilitation of the flow of investment into priority development areas, poverty alleviation are at the fore front of the challenges facing the province and the directorate is currently geared towards ensuring that, it contribute positively in this areas. There is a need for sustainable local economic growth, job creation, development of poor areas, alleviation of poverty and human resources development. These are the key deliverables guiding the mandate of the programme.



Business Development Support (Project preparation, business case development, financial and economic analysis of proposed capital and business investments) capacity building and business financing are key demands for kick-starting business development. More than 90% of enquiries received during the current and previous financial year are on Business Development Support Services, Capacity building, business and project financing.

## **1.2 Appraisal of existing services and performance**

### **Providing start up capital to establish community enterprises**

Every year the department provide start capital to community members come up with business ideas to start a business. The department receives application for funding from SMMEs and in turn these applications are processed, appraised and the feasible enterprises showing evidence of growth and sustainability are allocated start up capital. Since 2002 29 enterprises were allocated a total sum of R2.4 million as start up capital and 8 enterprises will be allocated a total amount of R1.3 million in this financial year.

### **Industrial Development and Export Initiative**

Three spatial development initiative program was adopted by the provincial government and three anchor projects were identified as the provincial spatial development initiative (SDI). In implementing this program research was conducted and various industrial initiatives were identified along the SDI anchor projects. One of the projects is the Mafikeng Industrial development Zone. A company was establish to drive this program and the department allocated an amount of R5 million rands and an amount of approximately R27 million is approved for bulk infrastructure as part of implementing the MIDZ project.

The following projects are currently implemented:

- Visitor Centre
- Mining Supply Chain
- Madikwe Sisal
- Wild Silk
- Bloemhof waterfront
- Thatch & Décor Initiative
- Goat Meat Processing
- ICT & Electronics





Facilitate access to market through procurement reform and business linkages through partnerships.

In addressing the problem of access to finance, the Entrepreneurial Support centres established under the Small Business Development Program assisted more than 800 SMME in the eighteen months to access finances to sustain their businesses. Access to markets is also facilitated through exhibitions, three SMME exhibitions were held where a total of more than 800 SMME were exhibiting their products.

Facilitate training and skills development.

A total of more than 3000 SMMEs received training through institutions contracted by the department to provide business skills to SMMEs in the province. On going workshops are arranged for SMMEs to find exposition to best practice. 54 SMME attended courses in India and were trained by various institutions under the ITEC program. There are currently 36 SMME under going incubation and this project is under review. Discussion are underway with GODISA (a program of the DTI), NISSAN SA and ANGLO VAAL to establish partnerships to take additional SMME into incubation.

Facilitate access to information through the development and maintenance of Provincial SMME Database.

A database of all SMME was created under a program called Network Entrepreneurial Support and Training. Service providers can access this service to interact and network with SMMEs. The department established an in touch project located at Entrepreneurial Support Centres where SMME can access information about markets and assistance.

### **1.3 Key challenges over the strategic period**

There is no policy prioritisation amid a myriad of policies on which we are required to report and this stretches the unit to the limit.

The provincial economy has its own limitation such as inadequate private sector investment and to this extent government resources stretched too far to address problems of market failures.

The absence or no implementation in a programmatic way of economic development priorities in the province led to many programs initiated and a difficulty of managing these programs.

North West is a rural economy and as such most of the economic initiatives are of a primary







nature and yet the value adding chain is so uncoordinated to the extent that there is lot of duplications between the departments of Agriculture, Conservation and Tourism and our department. It is this nature of economy that create high propensity of market failures.

## **2. POLICIES, PRIORITIES AND STRATEGIC OBJECTIVES**

### **2.1 Policies**

- Small Business Act, 1995 (currently under review)
- Provincial SMME strategy
- North West Growth and Development Strategy (2004-2014),
- North West Spatial Development Initiatives Strategy,
- Black Economic Empowerment Act,
- Rural Development Strategy including Integrated Sustainable Rural Development Strategy,
- Urban Renewal Strategy,
- Macro-Economic Reform Strategy,
- Integrated Manufacturing Strategy,
- Cooperatives Development Bill,
- Small Business Development Act.
- Manufacturing Development Act.

### **2.2 Priorities**

- Growing the economy by improving access to economic opportunities and reducing poverty particularly in rural areas.
- Promotion of sustainable livelihoods,
- Accelerate access to services,
- Promote regional economic integration,
- Establish Enterprises in key sectors of the provincial economy;
- Provide support for growth, competitiveness and sustenance of Enterprises particularly SMMEs including very small enterprises;
- Facilitate resolution of factors inhibiting SMMEs access to markets and finance;
- Promote empowerment of disadvantaged groups namely; women, youth and disabled
- Create partnership and liaise with institutions established to support and develop SMMEs;
- Coordinate government SMME development program;





### 2.3 Strategic goals and objectives of the programme are as follows:

Strategic Goals	Strategic Objectives
Establishing and nurturing small, medium and micro enterprises and cooperatives in the Province	<ul style="list-style-type: none"> <li>• Facilitating industrial diversification and regeneration of industrial parks.</li> <li>• Support to Black Economic Empowerment and Development of Cooperatives</li> <li>• To facilitate access to markets through procurement reform and business linkages;</li> <li>• To build partnerships between different spheres of government and the private sector;</li> <li>• To facilitate capacity building of entrepreneurial support institutions that provide services to SMMEs, i.e. ESCs;</li> </ul>
To facilitate the implementation of cluster projects through the Spatial Development Initiative (SDI) and other special projects	<ul style="list-style-type: none"> <li>• Facilitation of the development of the               <ul style="list-style-type: none"> <li>◦ MIDZ</li> <li>◦ Bloemhof Dam</li> <li>◦ Afthatch</li> <li>◦ Wild Silk</li> <li>◦ Visitor Centre</li> <li>◦ Mining Supply</li> </ul> </li> <li>• To facilitate and coordinate the development of economic clusters linked to an integrated supply chain to promote sectoral cooperation</li> <li>• To support the development of small individual and group enterprises in manufacturing, logistics and community business development support</li> <li>• To support and monitor the development of strategic industrial clusters linked to the NW-SDI Programme.</li> </ul>





### 3. ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED

Institutional arrangement in the province in general and the in the department in particular poses a serious constraints to effectively deliver services under the program the program Small Business Development. To the extent that SMME is a cross cutting program, most of the department in the province have SMME programs that are implemented without coordination. The Entrepreneurial Centres established by the department are not utilised by other department and this lead to uncoordinated approach to SMME development in the province. Lack of coordination is also experienced between spheres of government particularly the local government sphere.

LED Officers/Managers are to be capacitated as networking facilitators to inform SMMEs of all available incentives.

The National Government passed a bill on the creation of a Small Business Development Agency that will impact on the ESCs in the province and SMME development and Support. The future of the relation of SEDA and provincial government is still under discussion and the province should prepare itself for this eventuality.

To the extent that the SDI is a program under this department it remains a cross cutting initiative. At the moment there is no high level interaction with this program across departments. The funding mechanism of establishing projects within the SDI is not clear and there are no designated funds in the department for SDI projects.

The organisational structure of the department is yet to be finalised and the delay exacerbates problems of duplications and lack of defined roles between economic development components in the department.

The funding of economic development is also not properly defined and this lead to piecemeal approaches in addressing economic development. Although there are delays in finalising the growth and development strategy of the province the alignment of current services of the Program Small Business Development with the PGDS is critical to the role clarification within the department.

Some of the projects that are funded by the department collapse due to inadequate after care. This is exacerbated by the lack of personnel to assist in monitoring these projects.



#### 4. DESCRIPTION OF PLANNED QUALITY IMPROVEMENTS MEASURES

- A presentation was made at the strategic planning session of the department of proposed organizational restructuring that should happen under this program.
- There are on going discussions with interim structure of SEDA on rationalisation of institutions providing SMME support.
- GODISA agreed with the section that it will consider partnership with ESCs to strengthen incubation initiatives for SMMEs
- The TARF initiative is resuscitated whereby CSIR will assist the section with feasibility studies and monitoring of Enterprise projects funded by the department, particularly community enterprises.
- The CPPP has agreed to assist with establishment of management and financial control systems for the ESCs and other projects.
- Filling of vacant posts within the Program is underway
- A partnership between Umsobomvu Fund and the ESCs was finalised whereby three ESC were contracted as service providers for the Umsobomvu Voucher program

#### 5. RESOURCE INFORMATION

The current budget of the Program is far too low to make any impact towards contributing to economic development. For instance, the budget allocation for SMME support is R6million whereas in other provinces is in the region of R40 million per annum. In this current only R3, 4 were allocated for projects and e are sitting with 100 applications requiring not less than R20million for initiating projects across sectors. Inadequate funding limits leveraging of funding.

The system of managing funded community projects is not adequate hence the collapse or misuse of funds by projects in some cases. Skills shortage and personnel is acute within the Program and lack of economic data and utilisation thereof limits planning.



## **PROGRAMME 7: ECONOMIC DEVELOPMENT, POLICY AND RESEARCH**

The programme is designed to formulate and implement an economic and industrialisation strategy for the province. This entails:

- Facilitating industrial diversification and regeneration of industrial parks.
- Promotion of the regional economies through the formulation of the regional economic implementation plans.
- Support to Black Economic Empowerment through the formulation of Black Economic Empowerment Strategy for the Province.
- Support for the development of Cooperatives.
- Support for Women participation in small mining industry.

This programme also envisaged managing information systems, research and development, monitoring and evaluation of programmes that will assist the department in stimulating economic growth for the Province.

### **1. SITUATION ANALYSIS**

The demand for the services being produced by this programme

The programme identified the lack of coherent strategies as a key constraint in the economic development of the province. All economic agents in the province were operating in uncoordinated fashion and the use of economic resources was not optimal. The necessity to provide a blue print for the development of the Provincial economy had become an urgent priority. To meet this demand the programme produced the North West Economic Development and Industrialisation Strategy (PGDS), which is to inform the Provincial Growth and Development Strategy (PGDS).

The programme has engaged in the alignment of the economic activities of municipalities (LED Units) with those of national and provincial governments and the private sector.



The programme also focuses on the participation of Women in mining, and the development of youth cooperatives as a means to diversify the ownership and participation of the people of the province in the economy.

Other activities of the programme are Business Referrals and Advisory services including: Identification and registration of entrepreneurs for the EMIA process with DTI by sectors and creation of Business Awareness and Organisation of Local Trade Exhibitions.

An appraisal of existing services and performance:

- The programme has completed the Economic Development and Industrialisation Strategy. The next phase is the setting up of the institutional framework for the implementation of the strategy.
- The formulation of the Black Economic Empowerment Strategy and Action Plan is nearing completion. Information on the formulation of the strategy has been disseminated to key stakeholders such as NAFCOC, Black Business Forum, Youth Cooperatives, Established Business, Labour and Women in Business Forum.
- Several women have been assisted to form mining groups in Mafikeng. Support has been given to Itekeng Mining Cooperative. A task team has been formed to support Ga-Mopedi community for their mining project. The programme has initiated a process of Alluvial Diamond research in SA Lombard Game reserve.
- Four (4) cooperatives operational. Two bankable projects were identified and submitted for funding

The key challenges over the strategic plan period:

- The key challenge is the development of the Provincial Growth and Development strategy (PGDS);
- Strengthening the capacity for the facilitation and monitoring of the implementation of the Black Economic Empowerment Strategy, accessing financing for emerging Black business through the empowerment funding and business skill development;
- Strengthening the capacity to support Local Economic Development. Formation of District Economic Development Forums within each District Municipality and link them with the



programme. Alignment of IDPs;

- Further development of Youth Cooperatives and acceleration of the participation of women in mining and energy;
- The programme needs to formulate a new strategy to deal with the re-alignment of Local Economic Development and the development of Cooperatives from the Department of Provincial and Local government to the Department of Trade and Industry. This will have a bearing on the programme.
- Liaison with key stakeholders such as Industrial Development Corporation, Land Bank and DBSA as partners to support the implementation of PGDS. A review of the current process that are being pursued to set up the institutional framework for the implementation of PGDS.

## 2. POLICIES, PRIORITIES AND STRATEGIC OBJECTIVES

The strategic goals and objectives of the Programme are as follows:

Strategic Goals	Strategic Objectives
To plan, develop, promote, monitor and evaluate the economic policies and activities of North West Province	<ul style="list-style-type: none"> <li>• The development and integration of economic strategies of the Province</li> <li>• Formulate policies and strategies to address a problem of access to markets, finance, information, etc.</li> <li>• To monitor and evaluate the impact and effectiveness of economic policies, programmes and projects</li> </ul>

## 3. ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM

Constraints	Measures to be taken
The absence of an Economic Development Agency.	The establishment of a single Economic Development Agency
Poor or lack of participation of manufacturers in EMIA schemes due to rules and regulations, which do not take into consideration, small and emerging enterprises.	<p>Address policies, rules and regulations to accommodate small and emerging enterprises</p> <p>LED Officers/Managers are to be capacitated as the Networking Facilitators to inform SMME's of these incentives.</p>
Building capacity in terms of staff numbers and skills	<p>Develop internal human resource</p> <p>Targeted recruitment plan</p>





## PROGRAMME 8: GOVERNANCE & REGULATORY SERVICES

The programme endeavors to enforce governance and compliance with Regulatory requirements on legislation entrusted to the Department. We further seek to build informed consumers and to ensure fair trade in the Province; to maintain essential national standards in the regulation of the retail sale of liquor; to ensure the regulation of the gambling industry and to provide legal services to the department.

The programmes in this component are:

- Consumer Affairs is divided into a number of sub-programmes being:
  - Consumer education and research;
  - Trade inspectorate; and
  - Legal and investigation.
- Liquor Trade Administration ensures the compliance with national norms and standards and the administration of the provincial legislation on liquor; and
- Legal Services provides professional legal support to the department as well as ensure the regulation of the gambling industry by providing policy and regulatory framework.

### CONSUMER AFFAIRS

The sub-component Consumer Education and Research seeks to give effect to or to fulfill a legislative mandate carried in the Harmful Business Practices Act. The Act compels us to educate consumers on their basic rights and to appraise them of their responsibilities as consumers and in that way to reduce the level of consumer exploitation in the market place.

The sub-component Trade Inspectorate in also, giving effect to a legislative mandate, seeks to ensure fair trade and to eradicate unfair business practices. To this end it administers the Trade Metrology Act, Sales and Services Matters Act, the Credit Agreement Act as well as the Liquor Act. The main task is to ensure compliance with all these legislation and to take appropriate remedial action where there are transgressions.

The sub-component Legal and investigation responds to consumer complaints. The main task is to mediate in disputes that may arise between consumers and service providers and to ensure that businesses develop their own business code of conduct. To ensure that consumers and







businesses know what is expected of them, consumer clinics are held where information is passed on to parties. Where matters could not be resolved, the case is referred to the Consumer Court for adjudication.

The component is also responsible for the operations of the Consumer Court in line with the enabling legislation.

## LIQUOR TRADE ADMINISTRATION

The sub-programme liquor administration seeks to give effect to the Liquor Act and to ensure that the minimum norms and standards set are being observed. It is also imperative that the socio economic effects of alcohol be managed and reduced including any other costs of excessive alcohol consumption.

## LEGAL SERVICES

The sub-programme Legal Services is responsible for the provision of professional legal services to the whole department by writing legal opinions; drafting of legislation, drafting of contracts to mention but a few.

## 1. SITUATION ANALYSIS

### **The demand for the services being produced by the programme**

All of the sub-programmes above are important in that they ensure compliance with regulatory frameworks as are set out and to enforce compliance with governance requirements. Consumer education, investigation and inspectorate services are in demand in that consumers are starting to realize the worth of knowing their rights and knowing how to enforce them. They are also aware that there are avenues open to them where matters can be resolved amicably and they know that they should not accept services that are not up to standard. We are continuously being called upon to address school children, the elderly, community organizations, local councils and tribal gatherings.

We are forging close links with local councils and continuously invite them to use our services, which benefit, the communities they seek to serve. Business has responded positively also in that most of them are starting to develop codes of conduct for their businesses and they co-operate when there is a dispute with a consumer. Our roll over of cases shows a marked improvement and the turn around time for solving cases is encouraging.



We are turning the heat up for non-compliance and are finding that business responds well. We are establishing partnerships with South African Breweries in a bid to have shebeens and taverns licensed. In this way, the government will benefit as more people will come under the legal umbrella for compliance and we will be able to collect revenue being lost to the state. We will also be in a position to address the negative socio economic impacts of alcohol and its excessive use by our communities without killing the business.

Co-operation with structures like the South African police Services, Health, SARS and Municipalities is proving to be bearing fruit as more successes are realized in enforcing governance.

Appraisal of existing services and performance during the past year

The abovementioned programmes are already established and have yielded some positive results for the Department and government. We were able to address communities in all regions of the province including staging a month long Consumer Rights month. We have been able to establish the Consumer Court and have appointed its members for a three year period. Our links with the SAB will see us assisting more than 2 500 people to be legally licensed in liquor trade. We are discussing with Gauteng and the Western Cape about starting a programme for empowering licensed operators.

We are having regular meetings with our social partners and are each seeing the benefit of co-operation rather than competition in carrying out our duties.

Key challenges over the strategic plan period

- To ensure there is continuing education and research into consumer affairs and eradication of unfair business practices;
- To organize and participate in outreach education and related sources programmes;
- To reduce the level of economic exploitation in the market place;
- To establish community structures that are meant to empower local communities;
- To continue enforcing compliance with legislation entrusted to the Department;
- To respond timeously to consumer complaints;
- Ensure the effectiveness and efficiency of the Consumer Court;
- To facilitate and co-ordinate information exchange and training;
- To regulate the micro-manufacturing, distribution and retail sale of liquor;
- To manage and strive for the reduction of socio-economic and other costs of excessive alcohol consumption.



- To enforce compliance and governance in all respects to net the maximum benefit out of our programmes

## 2. POLICIES, PRIORITIES AND STRATEGIC OBJECTIVES

Strategic goals and objectives of the programme

Strategic goals	Strategic objectives
To ensure compliance with legislative requirement in our effort to enforce governance.	<ul style="list-style-type: none"><li>● To enforce the Consumer Affairs (Harmful Business Practices) Act, Act 4 of 1996;</li><li>● To administer the Trade Meteorology Act, Sales and Services Act, Credit Agreements Act and the Liquor Act and any other legislative requirements as may be assigned to the unit</li><li>● To administer Liquor legislation and other related legislation as may be assigned to the unit.</li><li>● The provision of legal services to the whole department</li><li>● Ensure the regulation of the gambling industry</li></ul>

## 3. ANALYSIS OF CONSTRAINTS AND MEASURES PLANNED TO OVERCOME THEM

Constraints	Measures to be taken
Lack of sufficient manpower due to posts waiting to be filled.	To fill crucial vacant posts to ensure flow of service delivery.
Insufficient office space	A solution be found for office accommodation to ensure certainty and continued service delivery.
Proper location of the Consumer Court.	Ensure that a permanent seat of the Court is found and established so that the Court may proceed with its work.
Facing up to the challenges posed by the new Liquor Act and the Gambling Act.	Ensure that provincial legislation on governance issues is addressed



#### 4. PLANNED QUALITY IMPROVEMENT MEASURES

- Circulate questionnaires amongst consumers to hear their views on the services being rendered by the component;
- Have regular interaction with businesses to hear their views on our services and problems that they encounter with consumers;
- Have feedback sessions with all components to share best practices and correct mistakes or improve on strategies that are not working out well;
- Share experiences with other provinces as well as our social partners in our effort to ensure uniformity and learn from best practices that are working in other provinces.

#### PART C: PUBLIC ENTITIES

Name of public entity	Main purpose of public entity
1. Invest North West	Promotion of trade and fixed direct investment in the Province
2. ESC (Four combined)	Facilitation and Provision of skills to SMME's
3. Gambling Board	To create a balanced gambling industry in the province
4. MIDZ	To provide integrated and well managed infrastructure and export oriented operational support systems

Detailed strategic plans for the above three public entities will be submitted separately to the Legislature.

