



ANNUAL REPORT

Department of Small Business Development

20²²/₂₃



small business
development

Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA



TABLE OF CONTENTS

PART A: GENERAL INFORMATION

3

1. DEPARTMENT GENERAL INFORMATION	4
2. LIST OF ABBREVIATIONS	5
3. FOREWORD BY THE MINISTER	7
4. DEPUTY MINISTER STATEMENT	9
5. REPORT OF THE ACCOUNTING OFFICER	11
6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT	20
7. STRATEGIC OVERVIEW	22
7.1. Vision	22
7.2. Mission	22
7.3. Values	22
8. LEGISLATIVE AND OTHER MANDATES	23
9. ORGANISATIONAL STRUCTURE	31
10. ENTITIES REPORTING TO THE MINISTER	32

PART B: PERFORMANCE INFORMATION

33

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES	34
2. OVERVIEW OF DEPARTMENTAL PERFORMANCE	34
2.1 Service Delivery Environment	34
2.2 Service Delivery Improvement Plan	36
2.3 Organisational environment	38
2.4 Key policy developments and legislative changes	39
3. ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES	39
4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION	44
4.1 Programme 1: Administration	44
4.2 Programme 2: Sector and Market Development	50
4.3 Programme 3: Development Finance	55
4.4 Programme 4: Enterprise Development	60
5. TRANSFER PAYMENTS	63
5.1. Transfer payments to public entities	63
5.2. Transfer payments to all organisations other than public entities	63
6. CONDITIONAL GRANTS	65
7. DONOR FUNDS	65
7.1. Donor Funds Received	65
8. CAPITAL INVESTMENT	67
8.1. Capital investment, maintenance and asset management plan	67

PART C: GOVERNANCE

69

1. INTRODUCTION	70
2. RISK MANAGEMENT	70
3. FRAUD AND CORRUPTION	70
4. MINIMISING CONFLICT OF INTEREST	70
5. CODE OF CONDUCT	70

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES	70
7. PARLIAMENTARY COMMITTEES	70
7.1 Portfolio Committee	71
7.2 Select Committee	90
8. STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA) RESOLUTIONS	91
9. PRIOR MODIFICATIONS TO AUDIT REPORTS	91
10. INTERNAL CONTROL UNIT	91
11. INTERNAL AUDIT AND AUDIT COMMITTEES	91
12. AUDIT COMMITTEE REPORT	92
13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION	94

PART D: HUMAN RESOURCE MANAGEMENT **95**

1. INTRODUCTION	96
2. OVERVIEW OF HUMAN RESOURCES	96
3. HUMAN RESOURCES OVERSIGHT STATISTICS	97
3.1 Personnel-related expenditure	97
3.2 Employment and Vacancies	99
3.3 Filling of SMS Posts	101
3.4 Job Evaluation	103
3.5 Employment Changes	105
3.6 Employment Equity	106
3.7 Signing of Performance Agreements by SMS Members	112
3.8 Performance Rewards	113
3.9 Foreign Workers	114
3.10 Leave utilisation	115
3.11 HIV/AIDS & Health Promotion Programmes	117
3.12 Labour Relations	119
3.13 Skills development	121
3.14 Injury on duty	122
3.15 Utilisation of Consultants	123
3.16 Severance Packages	126

PART E: PFMA COMPLIANCE REPORT **127**

1. IRREGULAR, FRUITLESS AND WASTEFUL, UNAUTHORISED EXPENDITURE AND MATERIAL LOSSES	128
1.1 Irregular expenditure	128
1.2 Fruitless and wasteful expenditure	130
1.3 Unauthorised expenditure	132
1.4 Additional disclosure relating to material losses in terms of PFMA Section 40(3)(b)(i) &(iii)	133
2. LATE AND/OR NON-PAYMENT OF SUPPLIERS	134
3. SUPPLY CHAIN MANAGEMENT	134
3.1 Procurement by other means	134
3.2 Contract variations and expansions	136

PART F: FINANCIAL INFORMATION **137**

REPORT OF THE AUDITOR-GENERAL	139
ANNUAL FINANCIAL STATEMENTS	145

GENERAL INFORMATION

PART A



1. DEPARTMENT GENERAL INFORMATION

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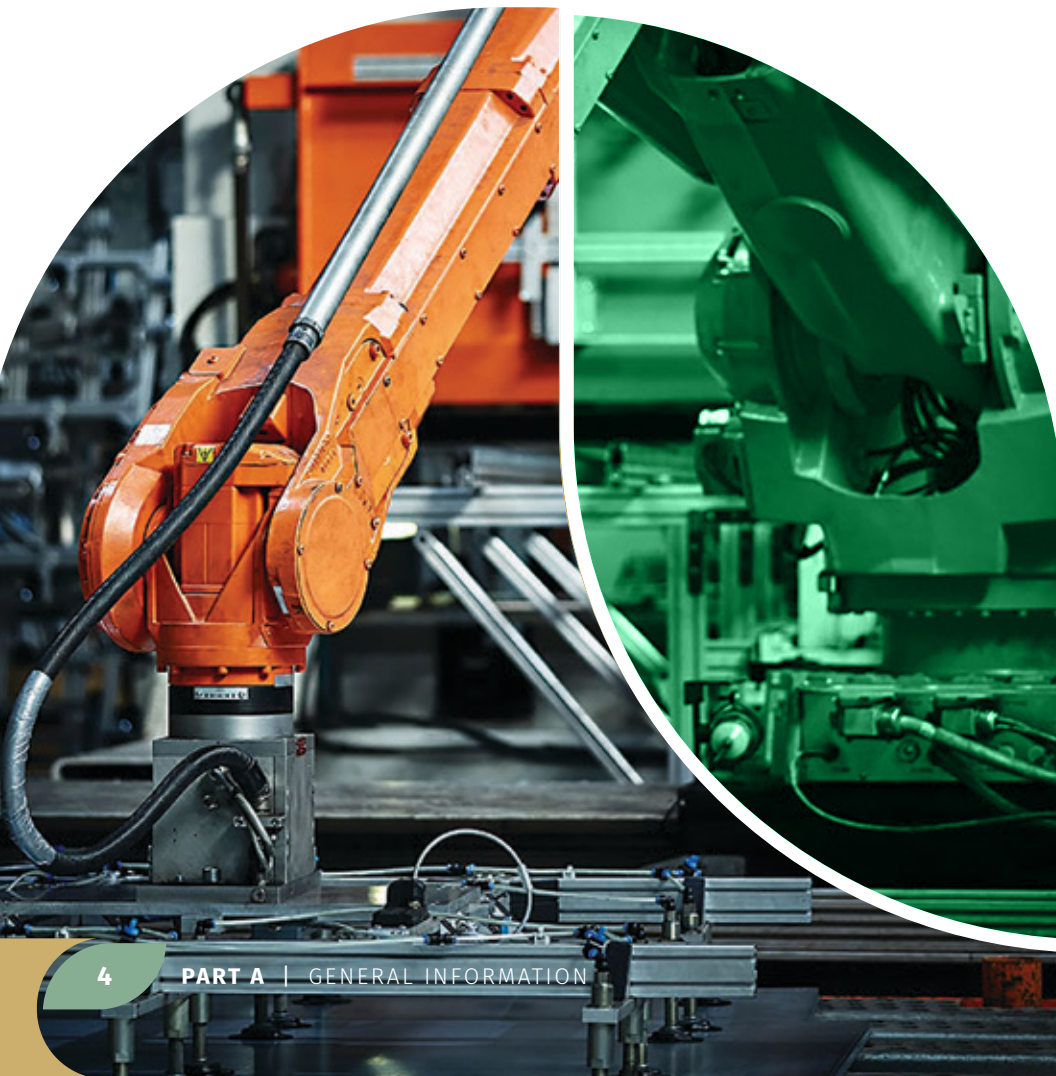
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2. LIST OF ABBREVIATIONS

4IR	Fourth Industrial Revolution
ADDG	Acting Deputy Director-General
AfCFTA	African Continental Free Trade Area
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
ARC	Audit and Risk Committee
AU	African Union
BAs	Business Advisors
BAC	Bid Adjudication Committee
B-BBEE	Broad-based Black Economic Empowerment
BBSDP	Black Business Supplier Development Programme
BRICS	Brazil, Russia, India, China, and South Africa
BRRR	Budget Review & Recommendations Report
BPF	Budget Prioritisation Framework
CBDA	Cooperatives Bank Development Agency
CDA	Co-operatives Development Agency
CDSP	Co-operatives Development Support Programme
CEO	Chief Executive Officer
CIPC	Companies and Intellectual Property Commission
CIS	Cooperatives Incentive Scheme
CLSO	Constitutional and Legal Service Office
CoE	Cost of Employment
CoGTA	Department of Cooperative Governance and Traditional Affairs
CoP	Community of Practice
COVID-19	Coronavirus Disease 2019
CSP	City Support Programme
DALRRD	Department of Agriculture, Land Reform and Rural Development
DDG	Deputy Director-General
DDM	District Development Model
DEF	District Ecosystem Facilitation

DEDAT	Department of Economic Development and Tourism, Mpumalanga
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism, Eastern Cape
DEDTEA	Department of Economic Development, Tourism and Environmental Affairs, KwaZulu-Natal
DESTEA	Department of Small Business Development, Tourism and Environmental Affairs, Free State
DFIs	Development Finance Institutions
DG	Director-General
DPME	Department of Planning, Monitoring and Evaluation
DPSA	Department of Public Service and Administration
DPWI	Department of Public Works and Infrastructure
DSBD	Department of Small Business Development
EA	Executive Authority
EDSE	Ecosystem Development for Small Enterprises
EE	Employment Equity
EHW	Employee Health and Wellness
ENE	Estimate of National Expenditure
EODB	Ease of Doing Business
ERRP	Economic Reconstruction and Recovery Plan
ESIED	Economic Sectors, Investment, Employment and Infrastructure Development
ESD	Enterprise Supplier Development
EXCO	Executive Committee
GDP	Gross Domestic Product
GEYODI	Draft Strategy on Mainstreaming Gender, Youth and Persons with Disabilities
HCT	HIV Counselling & Testing
HDIs	Historically Disadvantaged Individuals
HODs	Heads of Department
HR	Human Resources
ICAS	Independent Counselling and Advisory Services
ICT	Information and Communication Technology

ILO	International Labour Organisation	PWDs	Persons with Disabilities
IMEDP	Informal Micro Enterprises Development Programme	RDP	Reconstruction Development Programme
ISP	Incubation Support Programme	RECs	Regional Economic Communities
ISPESE	Integrated Strategy for the Promotion of Entrepreneurship and Small Enterprises	REMC	Risk and Ethics Management Committee
KRAs	Key Result Areas	RIS	Re-imagined Industrial Strategy
KZN	KwaZulu-Natal	RTRP	Red-Tape Reduction Programme
LED	Local Economic Development	SABS	South African Bureau of Standards
MANCO	Management Committee	SAIPA	South African Institute of Professional Accountants
MFIs	Micro-Finance Intermediaries	SALGA	South African Local Government Association
MinExco	Minister and Executive Committee	SBD	Small Business Development
MinMec	Ministers and Members of Executive Councils	SCOPA	Standing Committee On Public Accounts
MPSA	Minister for Public Service Administration	SCM	Supply Chain Management
MSME	Micro, Small and Medium Enterprises	SDG	Sustainable Development Goals
MTEF	Medium Term Expenditure Framework	SDIP	Service Delivery Improvement Plan
MTSF	Medium Term Strategic Framework	Seda	Small Enterprise Development Agency
NDP	National Development Plan, Vision 2030	sefa	Small Enterprise Finance Agency
NEDLAC	National Economic Development and Labour Council	SEIAS	Socio-Economic Impact Assessment System
NEHAWU	National Education, Health and Allied Workers Union	SEIF	Shared Economic Infrastructure Facility
NIBUS	National Informal Business Upliftment Strategy	SEMSP	Small Enterprise Manufacturing Support Programme
NISED	National Integrated Small Enterprise Development	SMMEs	Small, Medium and Micro Enterprises
NMOG	National Macro Organisation of Government	SMMESA	Small, Medium and Micro Enterprises South Africa
NT	National Treasury	SMS	Senior Management Service
NYDA	National Youth Development Agency	SOEs	State-owned Enterprises
OCSLA	Office of The Chief State Law Advisor	SONA	State of the Nation Address
PCO	Parliamentary Constituency Offices	SOP	Standard Operating Procedures
PFMA	Public Finance Management Act	StatsSA	Statistics South Africa
PIM	Post Investment Monitoring	the dtic	Department of Trade, Industry and Competition
PPP	Public Private Partnerships	TREP	Township and Rural Entrepreneurship Programme
PSA	Public Servants Association of South Africa	UN	United Nations
PSCBC	Public Service Co-ordinating Bargaining Council	WSP	Workplace Skills Plan
		YCF	Youth Challenge Fund

3. FOREWORD BY THE MINISTER



Ms Stella Tembisa Ndabeni-Abrahams, MP
Minister for Small Business Development

The South African government has prioritised the development of Micro, Small, and Medium Enterprises to accelerate growth, create jobs, and build a more inclusive economy. The National Development Plan, Vision 2030 (NDP) clearly states that 9 million of the 11 million jobs we need to create by 2030 should come from MSMEs.

To put us on the path to achieving this target, we have had to rethink how we work as the Department of Small Business Development (DSBD) and broader portfolio. We have recognised that we need to play a more deliberate leadership and coordinating role, directing the various public and private sector players within the broader ecosystem to operate in a more targeted and collaborative manner. To this end, we developed the third iteration small enterprise development strategy for the country – the National Integrated Small Enterprise Development Strategic Framework (NISED) – which was approved by Cabinet in November 2022.

We also held numerous engagements with ecosystem role players and stakeholders around the country, to better understand what they are doing, the gaps, and where we as the DSBD portfolio could most add value and improve our services to MSMEs and Co-operatives. This process culminated in the National SMMEs and Co-operatives Summit, held in November 2022, and which followed the inaugural Presidential SMMEs and Co-operatives Awards.

There is consensus within the ecosystem that we need to cohere around the following five priorities:

First, we need to improve the regulatory environment for MSMEs and cut red-tape that constrains entrepreneurs, ranging from informal micro-traders to high growth tech start-ups. During the year under review, we made progress with reviewing and amending the Businesses Act 1991 (Act No. 71 of 1991), and the National Small Enterprise Act, 1996 (Act No. 102 of 1996), both of which are on track for Cabinet approval and gazetting for public comment in the 2023/24 financial year. Also, as part of our red tape reduction work, we supported 25 municipalities to roll out the Red-Tape Reduction Awareness Programme and undertook research on the regulatory impediments facing MSMEs.

Second, we need to tackle barriers to entry that preclude MSMEs from participating in key value chains and markets. During the year under review, we made progress in building an Enterprise Supplier Development Community of Practice, which was formally launched in June 2023. We also linked 281 MSME products and services to domestic markets. Our work in linking MSME products and services to international markets through for example the SheTradesZA platform and trade shows, experienced challenges. We have revamped this area of work around a more fully-fledged exporter support initiative, that will target Brazil, Russia, India, China, and South Africa (BRICS) and African Continental Free Trade Area (AfCFTA) markets during the 2023/24 financial year.

Third, we are scaling up Business Development Services for MSMEs and Co-operatives, especially focused on incubation support. Through the Small Enterprise Development Agency (Seda), we established 110 incubators and during this year approved an additional eleven incubators to be established in 2023/24. Collectively, a total of 2 507 MSMEs and start-ups were incubated during the year. The Department also made progress in drafting the country's National Entrepreneurship Strategy which will be finalised and launched in the 2023/24 financial year.

Fourth, we are focusing on closing the MSME credit gap estimated by the World Bank to be more than R350 billion. Most township enterprises do not use a bank account, and most of our small enterprises, especially start-ups, are deemed un-bankable by banks and financial institutions who require collateral and a track record. To address this, we developed an SMMEs and Co-operatives Funding Policy,

which was gazetted in April 2023 for public consultation. The Policy looks at ways to increase credit allocation to MSMEs and Co-operatives, including creating a Fund of Funds, de-risking bank lending to MSMEs, improving credit information systems to support poor borrowers, as well as developing a moveable collateral registry.

We are also implementing a range MSME and Co-operatives financial instruments, primarily through the Small Enterprise Finance Agency (**sefa**). During the 2022/23 financial year, **sefa** approved loans to the value of R1.706 billion and disbursed R2.4 billion to MSMEs and Co-operatives. Over the same period, **sefa** was able to impact 74 762 MSMEs, that in turn, helped facilitate 104 547 jobs.

As regards our core programmes, we surpassed targets for our Co-operatives support (321 Co-operatives supported financially and/or non-financially against a target of 200) and for the number of competitive MSMEs and Co-operatives supported (28 484 enterprises against a target of 25000).

We only reached 94% of target for Township and Rural Enterprises, supporting 18 759 during 2022/23 against a target of 20 000. This indicates room for improvement, and we have developed a Service Delivery Improvement Plan (SDIP) for this area of work. We also only reached 90% of target for start-up youth businesses, supporting 8 988 against a target of 10 000. We are putting measures in place to ensure targets are met this year.

The fifth area of priority concerns our capacity and capability. There is no doubt that as the DSBD portfolio, we are making interventions at scale, but much more needs to be done to support entrepreneurs and MSMEs that are increasingly challenged by loadshedding, high inflation, and market volatilities.

We need to scale up efforts across the ecosystem and will be looking to activate new partnerships to achieve this as we move towards the end of the Sixth Administration.

I am pleased to once more, confirm that the DSBD received an Unqualified Audit Opinion with no material findings on both Performance Information and Annual Financial Statements for 2022/23 financial year. This was also the case with the previous financial year.

At the same time, we are cognizant of our challenges as a Department and will be filling posts in line with our new approved organogram, as well as tightening accountability to improve performance. We will also be looking at digitalisation to improve efficiencies, as well as strengthen MSME and Co-operatives' access to our products and services.

The other major piece of work we have been busy with that will better gear us to serve our MSMEs and Co-operatives is the integration of **sefa**, Seda and the Co-operatives Bank Development Agency (CBDA) into the new Small Enterprise Development and Finance Agency. During the year under review, the business case was approved by Cabinet, and the amended National Small Enterprise Act, 1996, which enables the new entity, is now before Parliament.

Lastly, let me express my gratitude to Deputy Minister Dipuo Peters, Acting Director-General Thulisile Manzini and the entire DSBD staff for their commitment to the cause. My task would be much more difficult without their support. A special word of appreciation goes to the Portfolio Committee on Small Business Development, the leadership of Seda and **sefa**, as well as Mr Lindokuhle Mkhumane, former DSBD Director-General, who led the Department during the year under review.

I thank you,



Ms Stella Tembisa Ndabeni-Abrahams, MP
Minister for Small Business Development

4. DEPUTY MINISTER STATEMENT



Ms Dipuo Peters

Deputy Minister for Small Business Development

The establishment of the Ministry of Small Business Development in 2014 marked the beginning of a centralised Department geared towards the reconfiguration of the economy by strategically placing Small, Micro and Medium Enterprises (SMMEs) at the heart of economic reconstruction, transformation, and inclusive growth. The Department of Small Business Development (DSBD) is poised to play a central role in supporting and developing SMMEs and Co-operatives to assist government in alleviating poverty and creating a conducive environment where businesses can thrive and create jobs for the unemployed.

The work of the Department is carried out in collaboration with its agencies, the Small Enterprise Finance Agency (**sefa**) and the Small Enterprise Development Agency (Seda) aiming to provide financial and non-financial support to SMMEs across the country. The National Development Plan, Vision 2030 (NDP) through its five-year implementation plan, ascribes a critical role to small businesses, which includes increasing their contribution to Gross Domestic Product (GDP) from 35% to 50% by the year 2024. The DSBD is expected to play a much more direct role in respect of Priority 2: Economic Transformation and Job Creation, with its expected outcomes being the creation of more decent jobs and inclusive economic growth.

The Department continues to provide integrated business solutions in the portfolio and ecosystem partners by putting in place functions that will enable Phase 4: SMME Business Index to identify levels of readiness and capability of small enterprises to be rolled out. Furthermore, in support of business processes, system and reduction of regulatory burdens for small enterprises, during the 2022/23 financial year, the Department has supported 25 municipalities to roll out the Red-Tape Reduction Awareness Programme.

In promoting the growth and sustainability of SMMEs and Co-operatives, the DSBD aims to create an enabling legal framework and to streamline regulatory conditions. To this end, the Department wants to ensure that both existing and new laws/rules/regulations do not impose unnecessary administrative burdens on small enterprises. To achieve this, it is important for the Department to have insight into such regulatory constraints. During the 2022/23 financial year, the Department has conducted a “Rapid Review of all legislation that impacts SMMEs and Co-operatives” for “regulatory guillotining”; that is, at the level of National, Provincial and Local Government. Special attention is being focused on the current post-Coronavirus 2019 (COVID-19) context and environment, also capturing the Economic Reconstruction and Recovery Programme (ERRP) and other priority interventions of government.

Our SMMEs and Co-operatives have been calling for a responsive government that listens and responds to their needs. Through Township and Rural Entrepreneurship Programme (TREP), we have been pragmatic in our approach and launched programmes that seek to include survivalists and micro enterprises. The COVID-19 pandemic pushed the Department to accelerate the development of the interventions that are designed to implement TREP. The Department, during the year under review, implemented TREP incentive schemes that are meant to stimulate and facilitate the development of sustainable and competitive enterprises in the township and rural areas, targeting the designated groups – women, youth and persons with disabilities (PWDs). A total of 18 759 township and rural enterprises was supported, while the Department together with its entities supported 321 Co-operatives financially and/or non-financially.

We have a clear vision as a Department under the leadership of Minister Ndabeni-Abrahams, framed in the National Integrated

Small Enterprise Development (NISED) Strategic Framework that seeks to radically transform the entire ecosystem and position opportunities for SMMEs and Co-operatives in value chains across all sectors of the economy. Following public comments, the DSBD solicited inputs and recommendations on the final draft NISED Strategic Framework from social partners at the National Economic Development and Labour Council (NEDLAC) forum. During the 2022/23 financial year, Provincial dialogue on the NISED Strategic Framework and Provincial SMME Summits were successfully conducted. Now that the NISED Strategic Framework has been approved, the Department is in the process of finalising the constitution to regulate the affairs of the Body and has consulted National Treasury (NT) regarding matters pertaining to the remuneration of the members of the Body.

In the year under review, the DSBD further developed the Gender, Youth and Disability (GEYODI) Strategy to mainstream women and youth participation in the economy. One of the objectives of this strategy is “to provide entry points for increased inclusion of women, youth and PWDs into all SMME development and financing initiatives to benefit equitably from these initiatives”.

Let me take this opportunity to commend the remarkable leadership of the Minister, Ms Stella Ndabeni-Abrahams and the administrative leadership of the former DSBD Director-General, Mr Lindokuhle Mkhumane who led the Department during the year under review, as well as all DSBD officials. I also wish to thank Acting Director-General Ms Thulisile Manzini who provided leadership to the Department towards the finalisation of the 2022/23 Annual Report. Our SMMEs and Co-operatives are innovative and our role as a Department is to unlock their potential for the greater prosperity of the country. Working together with all committed ecosystem partners and stakeholders, SMMEs and Co-operatives, we will certainly see them rise to their rightful position in the mainstream economy. We are leaving no one behind!

Thank you,



Ms Dipuo Peters, MP

Deputy Minister for Small Business Development

5. REPORT OF THE ACCOUNTING OFFICER



Ms Thulisile Manzini
Acting Director-General

5.1. Introduction

This Annual Report is an account of our 2022/23 financial year performance as it seeks to provide detailed feedback on the extent and manner in which the Department of Small Business Development (DSBD) has implemented its programmes/projects during the 2022/23 financial year against the targets stated in the Department's revised 2020-25 Strategic Plan, 2022/23 Annual Performance Plan (APP) linked to the revised 2019-24 Medium Term Strategic Framework (MTSF) priorities, Minister's Performance Agreement and the Economic Reconstruction and Recovery Plan (ERRP).

5.2. Overview of the operations of the Department

Administration

During the year under review, the Administration Programme was entrusted to provide strategic leadership, management and support services to the Department through Ministry, Departmental Management, Corporate Services and Financial Management sub- programmes. For the first time since the establishment of the Department, the Department received its maiden **Unqualified Audit Opinion with no findings** for the 2021/22 financial year, popularly referred to as the **Clean Audit Opinion**. This meant that both the submitted Annual

Financial Statements and Performance Information were free from material misstatements. The 2021/22 audit opinion was an improvement from the 2020/21 auditing period where the Department received a unqualified with no material findings on Performance Information only, while the Annual Financial Statements were unqualified with findings. The Department has also exceeded its five-year target to ensure that the unqualified Audit Opinion for both financial and non-financial performance data is obtained.

Through the Departmental Management sub-programme, the Department continues to share information about the opportunities that exist for SMMEs and Co-operatives. The Department, together with its entities – the Small Enterprise Development Agency (Seda) and the Small Enterprise Finance Agency (**sefa**), implemented 135 public engagements which were executed within District Municipalities. The engagements promoted the work of the Small Business Development (SBD) Portfolio, which is made up of DSBD, **sefa** and Seda, with the aim of providing financial and non-financial support to SMMEs and Co-operatives in an effort to increase the uptake of programmes offered by the SBD Portfolio.

The Department, through the Financial Management sub-programme, has continued to ensure that 100% of valid creditors are paid within 30 days. During the year under review, the Department processed 11 044 invoices worth R63 million on an average of 7 days, which enabled timely access to cash flow, which is critical in sustaining enterprises and obtaining an unqualified audit opinion with no findings on the 2021/22 Annual Financial Statements. Further, the Department has been able to spend R2.514 billion of the R2.533 billion of the allocated resources.

Human Resources Management committed to reducing the vacancy rate to less than 10%. To address issues of inclusivity, targets of 50% female representation in Senior Management Service (SMS), and increasing the employment of Persons With Disabilities (PWDs) to 4.2% or more were set for the period under review. The Department closed the reporting period with vacancy rate at 10%, and female representation at 51.5% of SMS level. 3.3% of employees with disabilities were employed by the Department in the year under review. While critical positions such as the Deputy Directors-General were in the recruitment process, these positions were still vacant at the end of the reporting period. The termination of nine permanent staff members also hampered the Department's goal to further decrease the vacancy rate.

Despite the challenges experienced by the Department in finalising its organisational structure, the Department managed to get its organisational structure approved during the second quarter of the 2022/23 financial year. However, a decision was taken for the Department to continue to operate on the interim structure, allowing for stability in the delivery of the 2022/23 APP and making it possible for employees to take up their new roles at the start of the new financial year (2023/24).

The Department continues to modernise its systems and processes utilising Information and Communication Technology (ICT) as an enabler. During the year under review, the Department, together with its entities, improved its operational efficiency, optimising SMMEs and Co-operatives repository, driving innovation and accelerating the delivery of services. Phase 4: SMME Business Index to identify levels of readiness and capability of small enterprises was implemented. The system, which is a “one-stop shop” repository of information, resources, services, opportunities, and network connections that are essential for helping entrepreneurs and innovators on their journey, from informal traders to high-growth businesses, was implemented.

Sector and Market Development

One of the critical challenges facing the SMMEs and Co-operatives is market access. The Department, through the Sector and Market Development Programme, was tasked to facilitate and increase access to the market for SMMEs and Co-operatives through business information, product development support and value chain integration. These were realised through the implementation of the Sector and Market Development, Business Information and Knowledge Management, Ease of Doing Business and Access to Market Support sub-programmes.

During the year under review, as part of implementing the SMMEs-Focused Localisation Policy Framework in South Africa, 281 products produced and services rendered by SMMEs and Co-operatives were linked to the domestic market against the set target of 250. During the 2022/23 financial year, the Department engaged with a new online retailer called Mintt Marketplace. Mintt is a 100% black female-owned online shopping store and a digital marketplace that makes it easier and safer for SMMEs to sell online. They have adopted a mobile-centric approach which allows SMMEs to perform everything on a smartphone from opening the store, listing products, and monitoring sales.

Women’s economic empowerment is central to the achievement of the Constitutional vision of a gender-equal,

non-sexist society. The National Development Plan (NDP) Vision 2030 prioritises the significant role of women, youth and PWDs in our society. Women’s access to both social and economic resources, has far-reaching implications in improving women’s quality of life through business development services, technology and innovation, including credit, as well as market access opportunities. In an effort to contribute and support women-owned businesses, during the year under review, the Department supported 1 202 women-owned businesses through the international platform which aims to encourage the registration and/or participation of women-owned enterprises in international markets. Working with the DSBD ecosystem stakeholders, the department managed to link 68 SMMEs and Co-operatives to international market opportunities against a set target of 250. This low achievement was due to a lack of suitable global events to link SMMEs and Co-operatives. Going forward, the Department will identify and establish additional partnerships to link SMMEs and Co-operatives on the international platform.

The Department is working towards repealing the Businesses Act (1991). Through the amendment of the Businesses Act, 1991 (Act No. 71 of 1991), the DSBD aims to provide for the issuing of trade licenses and permits by municipalities to both formal and informal businesses who want to operate within their areas of jurisdiction. The principal Act provides a broad policy and legislative framework without sufficient guidelines or a framework to ensure policy coherence and similarity across all the municipalities. This has resulted in the uneven implementation of the prescripts of the Act as they relate to cost, administrative requirements and compliance assessment across the country, with effective implementation in highly resourced municipalities and metros, while most poor municipalities have ineffective systems and procedures, thus contributing to increased red tape. The Act was originally intended to regulate the licensing of certain categories of businesses, and the schedule of regulated sectors. The principal Act has not been updated since 1991, creating a vacuum and confusion on which sectors are regulated or not. For the initial rounds of consultations, the department has focused on the primary users of this legislation, namely municipalities who are the sphere of government that must implement business licensing by-laws. The Business Amendment Bill was approved by the Department’s Executive Committee (EXCO) and the Minister during the 2022/23 financial year.

Development Finance

During the current administration, the Department through its Development Finance Programme, is assigned to ensure that

at least 50% of funding instruments of national and provincial Development Finance Institutions (DFIs) are dedicated to SMMEs and Co-operatives through establishment of the SMMEs and Co-operatives Funding Policy. To date, the DSBD in line with its mandate has embarked on the process of developing the first South African SMMEs and Co-operatives Funding Policy to create an enabling environment to support formation, expansion and maintenance of existing small businesses. The SMMEs and Co-operatives Funding Policy is aimed at:

- Deepening access to finance;
- Increasing the number of small enterprises that are established;
- Reducing the level of concentration or monopolies in certain sectors of the economy, transforming the ownership patterns of the economy;
- Addressing the financial literacy challenges amongst small businesses and Co-operatives in both formal and informal sectors by promoting financial education;
- Focusing on unserved and underserved areas such as townships and rural areas; and
- Advocating for a reduced red-tape environment for small enterprises.

The implementation of the SMMEs and Co-operatives Funding Policy is expected to eliminate issues related to lack of coordination on SMMEs and Co-operatives funding support programmes, double dipping and ecosystem fragmentation. As part of the SMMEs and Co-operatives Funding Policy development process, an implementation plan was generated to guide its operationalisation by outlining practical steps on how to implement the Policy, identifying the role players to be involved in various initiatives, managing the anticipated risks and mitigating factors, and communicating the intended outcomes of the Policy.

During the year under review, the Department implemented the Township and Rural Entrepreneurship Programme (TREP) that is meant to stimulate and facilitate the development of sustainable and competitive enterprises in the township and rural areas. The programme is targeted towards designated groups – women, youth and PWDs. A total of 18 759 township and rural enterprises was supported. However, these enterprises were supported with different interventions and these interventions amounted to 22 957 for the 2022/23 financial year. Furthermore, the Department and its entities supported 321 Co-operatives financially and/or non-financially.

To contribute toward mitigating the high youth unemployment rate, the Department together with its entities has supported 8 988 start-up youth businesses financially and/or non-financially against the 10 000 set annual target. However, if the Department were to count the number of interventions

provided to support the 8 988 start-up youth businesses, a total of 11 438 would have been recorded. Furthermore, the Department continues to facilitate the increase in the number of competitive small businesses with a focus on township and rural economies. The competitive SMMEs and Co-operatives are those SMMEs and Co-operatives supported financially and/or non-financially with the ability to create or sustain jobs. A total of 28 484 competitive SMMEs and Co-operatives was supported by 31 March 2023.

Enterprise Development

The Department through its Enterprise Development Programme, with its main aim being to oversee the promotion of an ecosystem that enhances entrepreneurship and the establishment, growth and sustainability of small businesses and Co-operatives, as well as coordinating business development support interventions across various spheres of government, has implemented the National Integrated Small Enterprise Development (NISED) Masterplan (Strategic Framework). The purpose of the NISED Strategic Framework is to strengthen and implement the vision of the White Paper on the National Strategy for the Development and Promotion of Small Business in South Africa and to provide support to the SMMEs in South Africa. This NISED Framework represents a national strategy to coordinate governments efforts in partnership with private sector actors by building a supportive ecosystem for smaller enterprises to thrive and grow. Upon approval of the NISED by Cabinet, it was recommended that it be called a Strategic Framework instead of a Masterplan. This was followed by a successful hosting of the National Presidential SMME and Co-operatives Summit from 13 – 15 November 2022, which included the Inaugural SMME and Co-operatives Awards. The Summit also provided a platform where the NISED Strategic Framework was officially launched by the Minister of Small Business Development.

The Department is working towards ensuring that both existing and new laws/rules/regulations do not impose unnecessary administrative burdens on small enterprises. To achieve this, it is important for the Department to have insight into such regulatory constraints which impedes the creation of an enabling environment towards the support, growth and sustainability of SMMEs and Co-operatives. During the 2022/23 financial year, the Department conducted a **“Rapid Review of all legislation that impacts SMMEs and Co-operatives” for “regulatory guillotining”** at National, Provincial and Local Government levels. Special attention is being given to the current post- Coronavirus Disease 2019 (COVID-19) context and economic environment, as well as harnessing the ERRP and other priority interventions of the Government.

5.3. Overview of the financial results of the Department:

Departmental receipts

The Department does not provide services for which fees are charged. For the year under review, the Department collected R61 thousand, which was transferred to the National Revenue Fund. The revenue collected was from commission earned on third party deductions such as insurance premiums (R38 thousand), parking rental deductions from DSBD employees (R18 thousand), and commercial bank interest earned (R5 thousand).

	2022/23			2021/22		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
Departmental receipts	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	121	56	65	56	56	-
Interest, dividends and rent on land	8	5	3	5	3	2
Financial transactions in assets and liabilities	-	-	-	26	85	(59)
TOTAL	129	61	68	87	144	(57)

Programme Expenditure

	2022/23			2021/22		
	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure
Programme name	R'000	R'000	R'000	R'000	R'000	R'000
1. Administration	117 676	109 619	8 057	101 002	99 194	1 808
2. Sector and Market Development	120 670	116 644	4 026	107 139	90 431	16 708
3. Development Finance	1 318 484	1 315 286	3 198	1 554 382	1 551 625	2 757
4. Enterprise Development	976 059	972 371	3 688	874 540	871 968	2 572
TOTAL	2 532 889	2 513 921	18 968	2 637 063	2 613 218	23 845

Annual expenditure as at 31 March 2023 amounted to R2.514 billion (99.3%) against the final appropriation of R2.533 billion, resulting in a variance of R19 million (0.7%). The main reasons for underspending are as follows:

- **Administration Programme** contributed R8.1 million to the underspending due to vacancies (R5.1 million), as well as Capital expenditure (R2.7 million) due to orders for the Ministerial vehicles and Departmental Bakkies not being delivered before the end of the financial year.
- **Sector and Market Development Programme** contributed R4 million to the underspending largely due to vacancies.
- **Development Finance Programme** contributed R3.2 million to the underspending largely due to vacancies (R2.6 million). Craft Customised Sector Programme contributed R313 thousand to the underspending due to delays in the approval for

the establishment of a second craft shop in Port Elizabeth, while the Co-operative Development Support Programme underperformed by R158 thousand due to delays in the commencement of the project.

- **Enterprise Development Programme** contributed R3.7 million largely due to vacant posts.

Virements

During the 2022/23 financial year, virements were implemented in accordance with section 43 of the Public Finance Management Act, 1999 (Act No. 1 of 1999), or PFMA, and reported to National Treasury (NT).

Programme	Adjusted Appropriation	Virement	Final Appropriation
	R'000	R'000	R'000
5. Administration	127 588	(9 912)	117 676
6. Sector and Market Development	119 230	1 440	120 670
7. Development Finance	1 318 587	(103)	1 318 484
8. Enterprise Development	967 484	8 575	976 059
TOTAL MOVABLE ASSETS WRITTEN OFF	2 532 889	-	2 532 889

Reason for the virement

The Administration Programme contributed a net virement of (R9.9 million). The funds were mainly reprioritised from underperforming compensation of employees (R8.5 million) to Programme 2: Sector and Market Development (R5.5 million), Programme 3: Development Finance (R1.5 million) and Programme 4: Enterprise Development (R1.5 million). Goods and services contributed R950 thousand to Programme 4: Enterprise Development for the Cannabis pilot project, while Capital assets contributed R462 thousand to Programme 2: Sector and Market Development for the acquisition of laptops.

The Sector and Market Development Programme received an overall net amount of R1.4 million. Savings on Product Market (R5 million) were reprioritised to Programme 4: Enterprise Development for the Informal Micro Enterprises Development Programme (IMEDP). Funds amounting to R5.5 million were received from Programme 1: Administration to supplement the shortfall on Compensation of employees, as well as R462 thousand to supplement the shortfall on Capital assets. An amount of R182 thousand was also received from Programme 3: Development Finance to supplement the travel budget and R296 thousand to supplement the shortfall on Capital assets.

The Development Finance Programme contributed a net overall amount of R103 thousand. Funds amounting to R1.5 million were received from Programme 1: Administration to supplement the shortfall on Compensation of employees. The Programme contributed R182 thousand to Programme 2: Sector and Market Development to supplement the travel budget and R1.1 million to Programme 4: Enterprise Development for the Cannabis pilot project. An amount of R296 thousand and R7 thousand were contributed to Programme 2: Sector and Market Development and Programme 4: Enterprise Development respectively to supplement the shortfall on Capital assets.

The Enterprise Development Programme received a net virement of R8.6 million. Funds amounting to R1.5 million were received from Programme 1: Administration to supplement the shortfall on Compensation of employees. Goods and services received a net virement of R7.1 million from Programme 1: Administration (R950 thousand) and Programme 3: Development Finance (R1.1 million) for the Cannabis pilot project, as well as Programme 2: Sector and Market Development (R5 million) for IMEDP. An amount of R7 thousand was received from Programme 3: Development Finance to supplement the shortfall on Capital assets.

Roll-overs

A request to rollover R2.538 million for four (vehicles) ordered in July and August 2022, from the RT57 transversal contract not yet delivered due to supply chain challenges experienced by the manufacturers, was submitted to NT for approval.

A description of the reasons for unauthorised, fruitless and wasteful expenditure and the amounts involved as well as steps taken to address and prevent a recurrence:

Unauthorised expenditure: The DSBD did not incur any unauthorised expenditure.

Fruitless and wasteful expenditure: The DSBD did not incur any fruitless and wasteful expenditure. The balance of R3 thousand was incurred in the 2021/22 financial year and the accounting officer has approved recovery from the official..

Strategic focus over the short to medium term period

The NDP, Vision 2030 stipulates a plan to address the triple challenges of unemployment, inequality and poverty and this is also set out in its five-year implementation plan (the revised 2019-24 MTSF). The NDP ascribes a critical role to small businesses which includes increasing their contribution to the Gross Domestic Product (GDP) from 35% to 50% by the

year 2024 and reducing unemployment from the current high levels to 6% by 2030. The revised MTSF provides the framework for the implementation of seven key priorities of which the DSBD is expected play a much more direct role in respect of *Priority 2: Economic Transformation and Job Creation* that will contribute to inclusive economic growth and job creation through industrialisation, infrastructure investment, transformative innovation and the Fourth Industrial Revolution (4IR), supporting small business and Co-operatives. Special attention is also required for support interventions and initiatives that will broaden opportunity and employment for women, youth and PWDs.

The Department will further work towards the implementation of the following five Game- Changer Programmes:

- **Game-Changer 1:** New Economy Start-up: The intervention is aimed at creating a more enabling support ecosystem for high tech and energy start-ups.
- **Game-Changer2:** Township and Rural Economic Development: The aim of this Burning Platform is to redirect Broad-

based Black Economic Empowerment (B-BBEE) resources and Enterprise Supplier Development (ESD) accelerator funding towards SMMEs located in South African townships and rural areas.

- **Game-Changer3:** Refuelled Incubator/Accelerator Programme: This programme will primarily extend the existing network of incubators for start-ups and accelerators for scale-ups in terms of the tiered small business support model.
- **Game-Changer 4:** A Recapitalised SMME Funding Package: Four interventions are proposed as part of the Recapitalised SMME Funding Package: A Recapitalised Khula Credit Guarantee; a Micro Finance Intermediary Franchise Programme; a significantly up-scaled Direct Lending Programme; and Tailored Blended Finance.
- **Game-Changer 5:** Supplier Development Partnership Programme: The programme is aimed at leveraging the commitment of corporates and large firms to on-boarding and supporting new suppliers.

Performance-related matters

- a) Accelerate the implementation of the TREP implemented by the SBD Portfolio in collaboration with the Department of Cooperative Governance and Traditional Affairs (CoGTA), the Department of Trade, Industry and Competition (**the dtic**), NT, Provincial Economic Development Departments (and entities), and selected municipalities. The TREP is meant to stimulate and facilitate the development of sustainable and competitive enterprises through the efficient provision of effective and accessible incentive measures that support national priority sectors. The key objective is to ensure that informal businesses are accounted for in the formal economy. The TREP intervention supports all small enterprises, in all sectors, operating in townships and rural areas that meet the qualifying criteria.
- b) Create an enabling environment for SMMEs and Co-operatives within which to operate:
 - Implement the SMMEs and Co-operatives Funding Policy to ensure the improvement access to affordable finance for SMMEs and Co-operatives.
 - The re-introduction of the Small Business Advisory Body, Ministers and Members of Executive Councils (MinMec) and leveraging on partnerships with Provinces were identified as key instruments in achieving this priority.
 - Red-Tape Reduction Programme (RTRP): to be implemented in partnership with Provinces, ensuring that the growth of SMMEs and Co-operatives is not hindered by the red-tape measures that exist in the system.

- The Department has started the process of reviewing the Businesses Act (1991) and intends to introduce an amendment Bill to Parliament by the end of the 2023/24 financial year. The Businesses Act (1991) provides for the issuing of trade licenses and permits by municipalities to both formal and informal businesses who want to operate in their geographic jurisdiction.
- c) Continue implementing the Localisation Policy Framework and Implementation Programme on SMMEs and Co-operatives:
- During the 2023/24 financial year, in response to the trajectory to ensure that 1 000 products/services are procured from SMMEs and Co-operatives by 31 March 2024. A 250 SMMEs and Co-operatives produced products and services is targeted for 2023/24 financial year.
 - Small Enterprise Manufacturing Programme: To promote and encourage localisation in targeted sectors, the Department, through **sefa**, in collaboration with **the dtic**, introduced the Small Enterprise Manufacturing Support Programme (SEMSP). Financial support that is provided includes funding to purchase machinery and equipment for the various manufacturing sub-sectors that will be supported; working capital for the various manufacturing subsectors that will be supported; and funding for product accreditation, certification and testing. The Programme provides finance support to entrepreneurs to the maximum value of R15 million per entity. The term of the funding is determined by the business cash flows up to a maximum of 84 months per small enterprise with a maximum moratorium of six months. A Blended Finance instrument is utilised where up to 50% of the funding required could be a grant and the balance could be a loan.
- d) Facilitate and ensure the increase in number of **Competitive SMMEs and Co-operatives** is supported, with the focus on township and rural economies.
- e) **Business Infrastructure:** Business infrastructure where small businesses will interact with the market to showcase their product or service offering with the view to transact. During the 2023/24 financial year, the Department plans to establish seven business infrastructure facilities. Business infrastructure will be rolled out utilising the Shared Economic Infrastructure Facility (SEIF), which is a cost-sharing scheme that seeks to support the establishment of new or upgrading of existing economic infrastructure for use by the SMMEs and Co-operatives.
- f) Report on the number and performance of **incubation centres and digital hubs** for the SMMEs development.
- g) The Portfolio's SMMEs and Co-operatives interventions will prioritise women, youth and PWDs with an aim to achieve a minimum 40% target for women, 30% for youth and 7% for PWDs.

Administration-related matters

- a) Implement the approved organisational structure
- Following successful consultation with the Minister for Public Service and Administration, the Department's structure was approved by the Executive Authority (EA) in September 2022. The approved structure provides for four Programmes, namely:
- Programme 1: Administration responsible to provide strategic leadership, management and support services to the Department;
 - Programme 2: Sector Policy and Research responsible to oversee transversal support within the ecosystem to provide a conducive environment for SMMEs;
 - Programme 3: Integrated Co-operatives and Micro Enterprise Development responsible to drive economic transformation through integrated informal business, Co-operatives and Micro Enterprise Development and Support; and
 - Programme 4: Enterprise Development, Innovation and Entrepreneurship responsible to oversee the promotion of an ecosystem that enhances entrepreneurship and innovation during the establishment, growth and sustainability of SMMEs.
- b) Business case for the new single Small Business Support Entity
- Cabinet approved the 20 months' extension period for the merging of the two entities, the **sefa** and the Co-operatives Bank Development Agency (CBDA), into Seda. The merger was initially set to be effective from 1 April 2022. This was after Cabinet approved the merger to ensure Government provides a single entity that will bolster its efforts in supporting SMMEs and Co-operatives.
 - The approved extension will enable the DSB to finalise the legislative review to provide a proper legislated and policy environment that allows for the formation of the single entity – Seda. A single and well-resourced entity will provide a more streamlined support to SMMEs and Co-operatives.

Public Private Partnerships

The Department did not enter into any Public Private Partnerships as defined in Treasury Regulation 16.

Discontinued key activities / activities to be discontinued

No.	List activities discontinued/to be discontinued	Reasons for discontinuance	Effect on the operations of, and service delivery by the Department	Financial implications of each discontinued activity
1.	Business Viability Programme	The Programme's objectives are incorporated into sefa's lending programmes. It was discontinued by DSBD to avoid duplication of efforts and resources.	There are no negative effects on the operations since the Programme's objectives are incorporated into all sefa's lending programmes.	None

New or proposed key activities

There were no new or proposed key activities during the year under review.

Supply Chain Management

The DSBD did not conclude any unsolicited bid proposals in the year under review.

The DSBD has policies and procedures in place to prevent irregular expenditure.

The Department closed the 2022/23 financial year without a director in Supply Chain Management (SCM). The post has been vacant for more than a year. The normal recruitment processes have not yielded positive results. A head-hunting process is to be followed in the 2023/24 financial year. The organisational structure has also been improved with additional posts in acquisition management, where it is envisaged that it will ease off the pressure.

Gifts and Donations received in kind from non-related parties during 2022/23 financial year

No.	Name of Donor	Description	Estimated Amount (R)
1.	SheTrade Delegations	Wine and Chocolates	936

Exemptions and deviations received from the National Treasury

Not applicable. The DSBD did not apply to be exempted from any reporting requirements.

Events after the reporting date

Mr Lindokuhle Mkhumane who was the Director-General (DG) of the DSBD from May 2021, having first occupied this position in an acting capacity from October 2018 to April 2021 before he was appointed into it, was transferred to The Presidency in July 2023.

The EA approved the organisational structure on 1 September 2022 and the Department commenced with the matching and placement process immediately thereafter. The matching and placement process was guided by the approved Framework which is aligned to the Migration Process Guidelines of the Department of Public Service and Administration (DPSA). Two matching and placement structures were established namely:

- The Placement Committee: Chaired by the Chief Director: Corporate Services comprised of representatives from all branches and two active Unions representatives – the Public Servants Association of South Africa (PSA) and the National Education, Health and Allied Workers Union (NEHAWU).
- The Appeals Committee: Chaired by the Accounting Officer; comprised of one external senior manager as well as representatives from the Employment Relations Business Unit.

The EA approved the placements of Chief Directors and Directors, whilst the Accounting Officer approved placements for level 1-12 employees. Following the conclusion of the placement process and communication of its results to employees, 13 non-SMS and 4 SMS members raised appeals on their proposed placements. The EA took the final determination on the outcome of the appeals process for the SMS members, while the outcome of the Appeals Committee was implemented for the non-SMS members. The placement and appeals processes were concluded by 31 March 2023. The implementation of the approved organisational structure commenced from 1 April 2023. Post the final decision taken by the Department on placement of employees, the Department has received a notification of a referral to the Bargaining Council by one employee.

The Department appointed the Director: Risk and Integrity Management and Assistant Director: Risk Management to capacitate the Risk and Integrity Management Unit. The Director commenced duty on 1 June 2023, while the Assistant Director started on 1 May 2023.

Other

Not applicable.

5.4. Acknowledgements

Despite the performance that we are not proud of for the 2022/23 financial year, I am grateful to the men and women employed by the Department who have all contributed to the work.

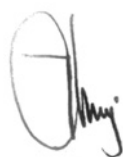
done during the period under review despite the many challenges it presented. While the percentage may be low, significant impact has been made as many interventions were provided to the SMMEs and Co-operatives, including providing repeat support to enterprises that may be in need

of such. I wish to encourage the DSBD employees to continue doing their best in the work that we have been entrusted with and in improving in the areas where we may not have done well. The resilience of the DSBD employees is commendable.

I would also like to thank Minister Stella Ndabeni-Abrahams and the Deputy Minister Dipuo Peters for their leadership. I also wish to thank the former Deputy Minister Sidumo Dlamini who contributed in leading the Department during the 2022/23 financial year.

I further take this opportunity to extend an unreserved thank you to the outgoing Director- General, Mr Lindokuhle Mkhumane for his leadership in achieving set targets for the 2022/23 financial year. In truth, great strides were made under the leadership of Mr Mkhumane to build a conducive environment for SMMEs and Co-operatives. Mr Mkhumane's courage, commitment, expertise, and hard work, have enabled the Department's strong strategic progress, shown across the 2022/23 performance measures. Much has been achieved; yet so much more remains to be done. I take over this role with boundless respect for Mr Mkhumane's accomplishments and I believe this momentum will be maintained as we look with confidence to meeting the Department's commitments and targets as communicated in the 2023/24 APP.

Key to driving our mandate are the agencies of the Department, Seda and **sefa**. I wish to extend my sincere appreciation to both the **sefa** Chief Executive Officer (CEO) and Seda's acting CEO, and their teams, for their contributions to the SBD Portfolio. I also wish to acknowledge the support and contributions of all our key stakeholders: Co-operative Banks Development Agency, Provincial Departments of Economic Development; the Portfolio Committee on Small Business Development; the Select Committee on Trade and Industry, Labour and Employment, Tourism and Small Business Development; and the broader SMMEs and Co-operatives Sectors – your efforts have helped the Department immensely in executing its mandate during the 2022/23 financial year.



Ms Thulisile Manzini

Acting Director-General

Department of Small Business Development

6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the Annual Report are consistent.

- The Annual Report is complete, accurate and is free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury.
- The Annual Financial Statements (Part F) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.
- The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.
- The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.
- The external auditors are engaged to express an independent opinion on the Annual Financial Statements.
- In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2023.

Yours faithfully



Ms Thulisile Manzini

Acting Director-General

Department of Small Business Development



7. STRATEGIC OVERVIEW

Vision

A transformed and inclusive economy driven by sustainable, innovative SMMEs and Co-operatives.

Mission

The coordination, integration and mobilisation of efforts and resources towards the creation of an enabling environment for the growth and sustainability of SMMEs and Co-operatives.

Values

Shared Value	What it means in practice/Behavioural Indicator
Innovation	Living this value means that we will seek to: <ul style="list-style-type: none"> • Foster innovative ideas and solutions in order to deliver exceptional results; and • Continuously seek new and better ways to serve our clients.
Integrity	Living this value means that we will seek to: <ul style="list-style-type: none"> • Consistently honour our commitments; • Uphold ethical and honest behaviour; • Ensure open and transparent communication; and • Behave with integrity in all our actions, always acting in the best interest of the organisation.
Professionalism	Living this value means that we will seek to: <ul style="list-style-type: none"> • Serve with utmost respect, competence and professional mannerism; • Display punctuality, reliability, dependability and a commitment to meet deadlines; and • Cooperate with all role players.
Customer Centric	Living this value means that we will seek to: <ul style="list-style-type: none"> • Place customer service excellence at the centre of everything we do; • Create a nurturing environment by partnering with our clients and employees, and in the way in which we care and support them; • Always be available and accessible in providing public services to our society; and • Understand customer needs and respond timeously, efficiently and effectively to customer queries and requests.
Commitment	Living this value means that we will seek to: <ul style="list-style-type: none"> • Do our best to get the work done; • Be selfless, resolute, purposeful and steadfast; • Be committed to efforts of job creation, alleviating • poverty and reducing inequality; and • Display a solution-driven attitude and commitment to serve.
Caring Organisation	Living this value means that we will: <ul style="list-style-type: none"> • Invest in the growth and development of our staff members; • Invest in the wellbeing of our staff member; and • Create a learning organisation.

8. LEGISLATIVE AND OTHER MANDATES

8.1. Constitutional Mandate

The Constitution is the supreme law of the Republic of South Africa. Along with the Bill of Rights, it forms the legal foundation of a democratic South Africa and sets out the rights and duties of its citizens and defines the structure of government. All laws of the country must be consistent with the Constitution, and it further requires that all spheres of government work together to address poverty, underdevelopment, marginalisation of individuals and communities and other legacies of apartheid and discrimination. In this light, all government institutions, entities and municipalities ultimately derive their mandate from the Constitution.

The DSBD and its public entities derive their primary mandate from the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), and in particular¹:

Section 22 – Enshrines freedom of trade, occupation and profession: *“Every citizen has the right to choose their trade, occupation or profession freely. The practice of a trade, occupation or profession may be regulated by law”.*

Section 217 – which requires that:

- 1) *When an organ of State contracts for goods and services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.*
- 2) *It does not prevent the organs of State from implementing a procurement policy providing for the protection or advancement of persons or categories of persons disadvantaged by unfair discrimination.*

Fully aligned to, and arising from the Constitution, the 1995 White Paper² identified the need for a systematic national framework within which the different policies and programmes at national, regional and local level could be coordinated towards the creation of an enabling environment for small enterprises. Given such an enabling environment, it was expected that the millions of SMMEs and Co-operatives would willingly accept responsibility for the operation, growth and progress of their enterprise. Therefore, policies need to be in turn informed by the evidence-based research approach with national, regional as well as sectoral developments, considering differences between sectors like manufacturing, tourism or construction, as well as differences between the categories of SMMEs and Co-operatives.

8.2. Legislative and Policy Mandates

Below are the legislative and policy mandates that the DSBD is directly responsible for implementing, managing or overseeing:

Legislation and Policy	Mandate and Primary Outputs
Businesses Act, 1991 (Act No. 71 of 1991).	To repeal or amend certain laws regarding the licensing and carrying on of businesses, and shop hours; to make certain new provisions regarding such licensing and carrying on of businesses; and to provide for matters connected therewith.
National Small Enterprise Act, 1996 (Act No.102 of 1996), as amended.	To develop, support and promote small enterprises to ensure their growth and sustainability. Seda provides non-financial business development and support services for small enterprises, in partnership with other role players in the small business development environment.

¹ Republic of South Africa. (1996). The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). Pretoria. Government Printer.

² Republic of South Africa. (1995). White Paper on a National Strategy for the Development and Promotion of Small Business in South Africa; Parliament, 20 March 1995.

Legislation and Policy	Mandate and Primary Outputs
Section 3(d) of the Industrial Development Corporation Act, 1940 (Act No. 22 of 1940) (IDC Act).	<p>To provide access to finance to Survivalist, Micro, Small and Medium businesses throughout South Africa.</p> <p>sefa supports the development of sustainable SMMEs through the provision of finance.</p>
Co-operatives Development Act, 2005 (Act No. 14 of 2005), as amended.	<p>To provide for the formation and registration of Co-operatives; the establishment of a Co-operatives Advisory Board; the winding up of Co-operatives; the repeal of Act 91 of 1981; and matters connected therewith.</p>
Co-operatives Development Policy for South Africa (2004).	<p>To create an enabling environment for Co-operative enterprises which reduces the disparities between urban and rural businesses and is conducive to entrepreneurship.</p> <p>To promote the development of economically sustainable Co-operatives that will significantly contribute to the country's economic growth.</p> <p>To increase the number and variety of economic enterprises operating in the formal economy.</p> <p>To increase the competitiveness of the Co-operative sector so that it is better able to take advantage of opportunities emerging in national, African and international markets.</p> <p>To encourage persons and groups who subscribe to the values of self-reliance and self-help, and who choose to work together in democratically controlled enterprises and to register Co-operatives in terms of this Policy.</p> <p>To enable such Co-operative enterprises to register and acquire a legal status separate from their members.</p> <p>To promote greater participation by black persons, especially those in rural areas, women, youth and PWDs in the formation and management of Co-operatives.</p> <p>To establish a legislative framework that will preserve the Co-operative as a distinct legal entity.</p> <p>To facilitate the provision of support programmes that target Co-operatives; specifically those that create employment or benefit disadvantaged groups.</p>
Co-operative Amendment Act, 2013 (Act No. 6 of 2013).	<p>To provide for the establishment, composition and functions of the Co-operatives Tribunal; to ensure compliance with the principles of intergovernmental relations; to provide for intergovernmental relations within the Co-operatives sector; and to provide for the substitution of the long title and the Preamble.</p>

In addition to the above-mentioned Acts, the DSBD is further mandated by Acts not administered by the DSBD, including, among others:

Name of Act	Consideration
Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended.	To regulate financial management in national and provincial governments and to ensure that government resources are managed efficiently, effectively, economically and ethically.
Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000), as amended.	To ensure that Government's preferential procurement procedures are aligned with the aims of the Broad-Based Black Economic Empowerment Act, 2003 and the associated Codes of Good Practice. The revised regulations were promulgated in 2017 and are also focusing on the implementation of 30% of the public procurement.
Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003), as amended.	Establishes a legislative framework for the promotion of black economic empowerment; and empowers the Minister to issue Codes of Good Practice and publish Transformation Charters, establish the Black Economic Empowerment Advisory Council; and to provide for matters connected therewith.
Companies Act, 2008 (Act No. 71 of 2008), as amended.	Regulates the incorporation, registration, organisation and management of companies. including the fiduciary and "due care" duties and responsibilities of "directors" of a company.
National Credit Act, 2005 (Act No. 34 of 2005), as amended.	Aims to facilitate access to credit for all, while introducing measures to prevent over-indebtedness or the extension of credit to the vulnerable.
Consumer Protection Act, 2008 (Act No. 68 of 2008), as amended.	Aims to protect consumers against unfair business practices, giving them greater recourse against companies that supply them with goods and services.
Financial Advisory and Intermediary Services Act, 2002 (Act No.37 of 2002), as amended.	Regulates the activities of all financial service providers who give advice or provide intermediary services to clients regarding certain financial products. The Act requires that such providers be licensed, and that professional conduct be controlled through a code of conduct and specific enforcement measures.
Protection of Personal Information Act, 2013 (Act No. 4 of 2013), as amended.	Promotes the protection of personal information by public and private bodies.

8.3 Departmental Policies and Strategies

The policy and strategy mandates informing the strategic posture and intent of the Small Business Development Portfolio are broadly summarised as follows:

Informing Policy/Strategy	Key Considerations
The National Development Plan, Vision 2030 (2012).	<p>The NDP envisions an economy that provides full employment by 2030 and serves the needs of all South Africans from different racial, social and economic backgrounds. As such, the economy will be more inclusive, grow faster, eliminate poverty and reduce inequality.</p> <p>The Department and its entities play a major and direct role in coordinating and influencing the implementation of Chapters 3 and 6 of the NDP; which deal with the economy and employment, and inclusive rural development and growth respectively.</p>
The Revised Medium Term Strategic Framework (2019 – 2024).	<p>The 2019-2024 MTSF was approved in 2019 as a five-year implementation plan for the Sixth Administration’s priorities. The MTSF is a planned manifestation of the NDP and the Election Mandate and provides a framework for the implementation of the Seven Apex Priorities.</p> <p>The implementation of the 2019-24 MTSF was, however, significantly disrupted by the COVID-19 pandemic in 2020, which took not only South Africa but the entire world by surprise and had a devastating impact on the economy, health and social aspects of South Africans. This forced the South African Government to reprioritise its plans and budgets to respond to the impact of the pandemic. As part of these measures, the ERRP was launched by the President of the Republic, Mr Cyril Ramaphosa, on 15 October 2020.</p> <p>These major shifts necessitated the revision of the MTSF as implementation could not continue as business as usual while the circumstances within which the country needs to operate had changed drastically. The revised 2019-24 MTSF, which was approved in 2021, makes it possible to include relief and recovery programmes as part of Government’s plans that need to be implemented during the Sixth Administration.</p> <p>Regarding the Seven Apex Priorities that are maintained in the revised MTSF, the DSBD continues to play a primary/lead role in relation to Priority 2, which has been redefined as Economic Transformation and Job Creation, and its related sub-outcomes and interventions, as follows:</p> <p>PRIORITY 2: Economic Transformation and Job Creation:</p> <ul style="list-style-type: none"> • Economy and jobs. • More decent jobs sustained and created. • Investing for accelerated inclusive growth. • Industrialisation, localisation and exports. • Innovation and research. • Competitive and accessible markets. • Improved quality and quantum of investments.

Informing Policy/Strategy	Key Considerations
Economic Reconstruction and Recovery Plan.	<p>The ERRP sets out a reconstruction and recovery plan for the South African economy that is aimed at stimulating equitable and inclusive growth. Government's conviction is that we have to massively mobilise all our resources and efforts in economic activities that will put the economy in a sustainable recovery trajectory. The South African ERRP has three phases:</p> <ul style="list-style-type: none"> • Engage and Preserve - which includes a comprehensive health response to save lives and curb the spread of the pandemic. • Recover and Reform - which includes interventions to restore the economy while controlling the health risks. • Reconstruct and Transform - which entails building a sustainable, resilient and inclusive economy. <p>In terms of the Plan, the following priority interventions will be made:</p> <ul style="list-style-type: none"> • Aggressive infrastructure investment. • Employment-orientated strategic localisation, re-industrialisation and export promotion. • Energy security. • Support for tourism recovery and growth. • Gender equality and economic inclusion of women and youth. • Green economy interventions. • Mass public employment interventions. • Strengthening food security. • Macro-economic interventions.
Re-imagined Industrial Strategy (RIS).	<p>The RIS is the centrepiece of Government's vision coordinated by the Presidency and puts emphasis on concrete actions. It presents a multipronged approach to industrial development with emphasis on building partnerships with the private sector in order to unleash job-creating investment. The RIS envisages that the adoption of Masterplans will harness the commitment by all role players, stakeholders and beneficiaries towards implementing the actions required to fulfil the vision. The Industrial Strategy is divided into two sub-programmes, namely:</p> <ul style="list-style-type: none"> • Industrial Competitiveness: develop policies, strategies and programmes to strengthen the ability of manufacturing and other value-added sectors to create decent jobs and increase value-addition and competitiveness in domestic and export markets, as set out in the RIS. • Customised Sector Programmes: develop and implement high-impact sector strategies focused on manufacturing and other value-added sectors to create decent jobs and increase value-addition and competitiveness in domestic and export markets, as set out in the RIS.

Informing Policy/Strategy	Key Considerations
<p>The 2023 Budget Prioritisation Framework (BPF).</p>	<p>The BPF facilitates and strengthens alignment between key national priorities and national budget process.</p> <p>The 2023/24 BPF Pillars that the Department contributes to are as follows:</p> <p>Pillar 1: Increase public and private employment</p> <ul style="list-style-type: none"> • Public employment programmes through the contribution of the Department in the Presidential Employment Stimulus. • Private employment support and incentives, supporting SMMEs to take up the employment tax incentives. <p>Pillar 2: Inclusive economic growth</p> <ul style="list-style-type: none"> • Supporting growth in SMMEs, township and rural enterprises. • Promoting industrialisation and localisation: accelerating implementation of the industrial policy Masterplans, especially in labour-intensive sectors, and leveraging public procurement. • Improving the ease of doing business: reducing red tape, including lowering entry barriers and improving competitiveness. • Increasing infrastructure investment – implementation and prioritisation of the National Infrastructure Plan 2050 and leveraging private finance. The reconstruction and rehabilitation of infrastructure affected by the flood disaster should be prioritised. <p>Pillar 4: A capable State to deliver</p> <ul style="list-style-type: none"> • Supporting innovation, digitalisation and modernisation of the State.
<p>The Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises (2005).</p>	<p>Covers the entire continuum of needed support from pre-start up and start-up support measures to growing enterprises and enterprises in distress. It focuses on the following three strategic areas with aligned actions:</p> <ol style="list-style-type: none"> 1. Increase supply for financial and non-financial support services collaborative approaches to streamline resources from the public sector and crowding in private sector resources. 2. Create demand for small enterprise products and services: new policy directives, public sector procurement strategy and B-BBEE codes of good practice as a lever for increased demand. 3. Reduce small enterprise regulatory constraints: enabling environment; establish a regulatory impact assessment framework and business environment-monitoring mechanism.

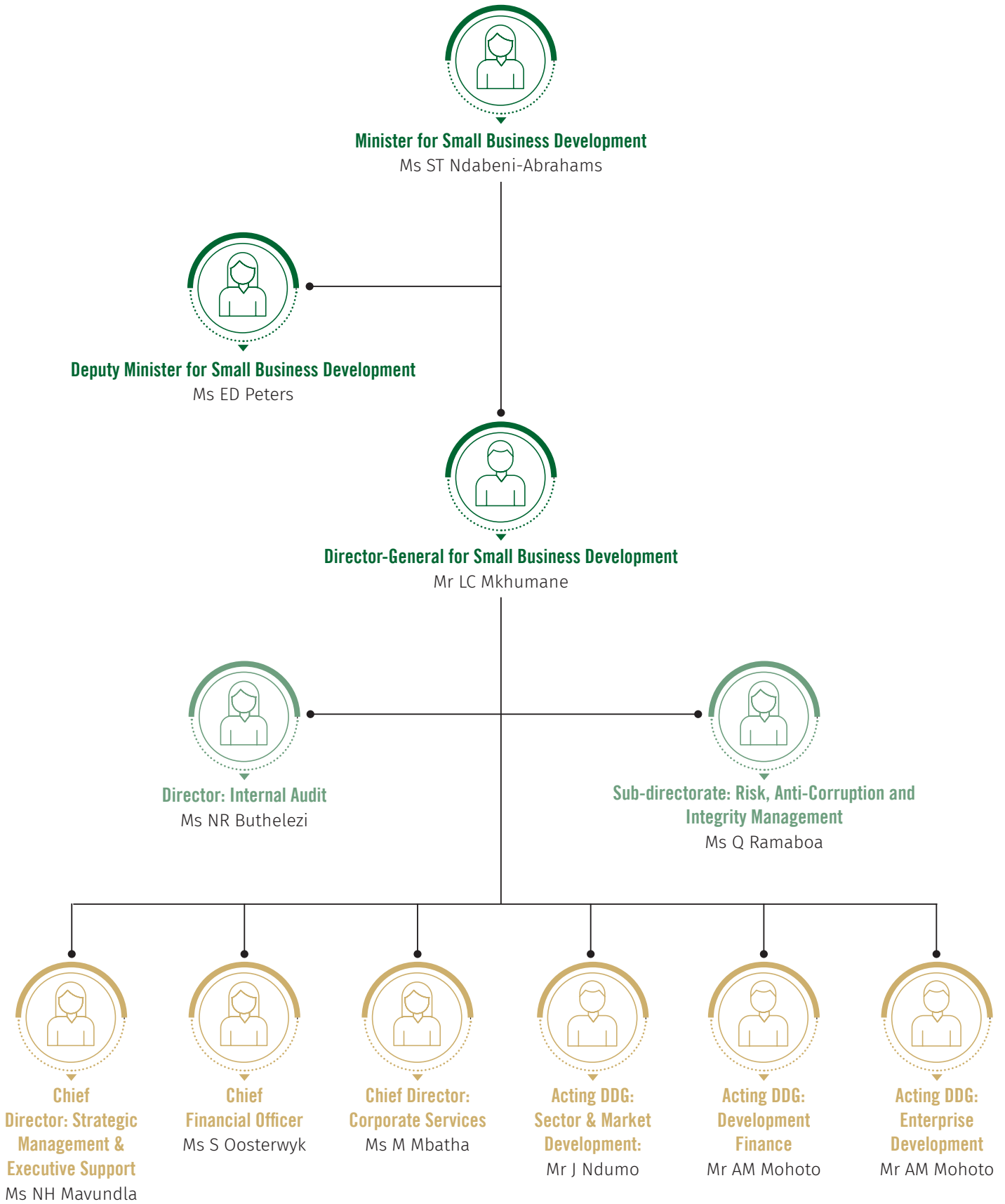
Informing Policy/Strategy	Key Considerations
<p>The Integrated Strategy on the Development and Promotion of Cooperatives (2012).</p>	<p>Seeks to support the ongoing profiling of the Co-operatives, communication outreach, improving access to Co-operatives support, information, research and strengthening advocacy on Co-operatives by delivering effective service and monitoring impact.</p> <p>The strategy further introduces key Co-operatives development and support programmes, under four strategic pillars, namely:</p> <ol style="list-style-type: none"> 1. To increase the supply of non-financial support services to Co-operatives'. 2. To create demand for Co-operative enterprises products and services'. 3. To improve sustainability of Co-operatives. 4. To increase the supply of financial support services to Co-operatives. <p>These strategic pillars will be underpinned by efforts aimed at improving the availability of quality business information and knowledge through expanded research, communication outreach, education and training, and monitoring.</p>
<p>The National Informal Business Upliftment Strategy (NIBUS) and Implementation Framework (2014).</p>	<p>Adopted by Cabinet in 2014, NIBUS is aimed at supporting the informal business sector and facilitating their participation in the mainstream economy through various policy and programmatic interventions.</p> <p>Particular focus on the four Implementation Thrusts that may inform other areas of DSBD work:</p> <ol style="list-style-type: none"> 1. Enhance the quality of enterprise development, promotion and capacity-building products and services. 2. Strengthen the policy and regulatory environment to support an integrated and coordinated approach to informal business upliftment. 3. Build the skills, capacity, systems and processes to drive an integrated and coordinated approach to informal business upliftment. 4. Strengthened national, regional and international partnerships to support and promote the NIBUS development agenda.

South Africa is also guided and bound by its multi-lateral and international commitments to the United Nations (UN), African Union (AU), and other multi-lateral organisations.

Informing International Convention or Policy	Key Considerations
<p>The United Nations Sustainable Development Goals (SDG) (2015).</p>	<p>Adopted by the UN Assembly in 2015. Specifically, the following SDGs are relevant to the SBD Portfolio:</p> <ul style="list-style-type: none"> • Goal 5: Achieve gender equality and empower all women and girls. • Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. • Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

Informing International Convention or Policy	Key Considerations
The African Union Agenda 2063 (Agenda 2063).	<p>Of particular relevance to the SBD Portfolio are the following aspirations of Agenda 2063:</p> <ul style="list-style-type: none"> • Goal 1. A prosperous Africa based on inclusive growth and sustainable development. • Goal 6. An Africa where development is people-driven, unleashing the potential of its women and youth. • Goal 7: Africa as a strong, united and influential global player and partner.
The International Labour Organisation (ILO) Recommendation 193 (R193) (2002).	<p>Seeks to promote the fullest participation in the economy and the social development of all people, while recognising that globalisation has created new challenges and opportunities for Co-operatives in terms of their ability to facilitate a more equitable distribution of the benefits of globalisation.</p> <p>In this context, R193 recognises the importance of Co-operatives in terms of job creation, mobilising resources, generating investment and their contribution to the economy.</p>
The International Labour Organisation Resolution 204 (R204) (2015).	<p>The critical focus is to facilitate the transition of the informal to formal economy and to offer guidance to member states on how to facilitate the transition.</p> <ul style="list-style-type: none"> • Specifically, R204 outlines three key objectives: • Facilitate the transition to formality. • Promote the creation of enterprises and decent jobs. • Prevent the informalisation of formal jobs.
African Continental Free Trade Area Agreement.	<p>It aims to achieve the following general objectives:</p> <ul style="list-style-type: none"> • Deepen economic integration in Africa in accordance with Agenda 2063. • Create a continental customs union. • Liberalise intra-African trade. • Resolve the challenges of overlapping memberships in Regional Economic Communities (RECs). • Enhance competitiveness. • Contribute to the movement of capital and natural persons and facilitating investment. • Promote sustainable and inclusive socio-economic development, gender equality and • structural transformation. • Promote industrialisation.
Human Rights Implications of COVID-19 suggested by the UN and adapted to the South African Context.	<p>Right to adequate food, water and sanitation.</p> <p>Ensure availability, accessibility, acceptability and quality of essential food items and safe drinking water and sanitation, including access to soap, despite the pandemic, lockdowns and other constraints, including the following indicators:</p> <ul style="list-style-type: none"> • Number of businesses supported during COVID-19 to pay salaries of the workers. • Number of people accessing income relief from the Government during COVID-19. • Number of households/people accessing food parcels.

9. ORGANISATIONAL STRUCTURE



10. ENTITIES REPORTING TO THE MINISTER

The two entities reporting to the Minister for Small Business Development are **sefa** and Seda. The agencies report through governance arrangements that give them autonomy but also enable them to align their strategies with Government policy and priorities.

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
Small Enterprise Finance Agency (sefa)	sefa was established in terms of Section 3 (d) of the Industrial Development Corporation Act, 1940 (Act No. 22 of 1940) and mandated to provide access to finance to Survivalist, Micro, Small and Medium businesses throughout South Africa. sefa supports the development of sustainable SMMEs through the provision of finance.	1 265 826 000	<ul style="list-style-type: none"> • Enhanced access to finance by SMMEs and Cooperatives. • Enhanced service delivery and stakeholder satisfaction. • A financially sustainable organisation. • Leveraged strategic assets and capital raising. • Sound governance and a high-performance organisation.
Small Enterprise Development Agency (Seda)	Seda was established by the National Small Enterprise Act, (1996) , as amended and has the mandate to provide nonfinancial business development and support services for small enterprises, in partnership with other role players in the small business development environment.	914 367 000	<ul style="list-style-type: none"> • Increased growth and sustainability of township and rural-based SMMEs and Co-operatives. • Increased localisation and market penetration by SMMEs and Co-operatives. • Integrated and coordinated ecosystem support for SMMEs and Co-operatives. • Increased growth and sustainability of SMMEs and Co-operatives. • An agile, innovative, excellent and customer centric organisation.

PERFORMANCE INFORMATION

PART B



1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 138 of the Report of the Auditor-General, published as Part F: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

The Department performance against its 2022/23 APP output indicators and targets, is detailed in the tables below. The 2022/23 financial year represented the second last year of implementing the revised 2019–24 MTSF and third last year of implementing the revised Departmental 2020-25 Strategic Plan. The 2022/23 Annual Report outlines the performance of the Department against the tabled 2022/23 APP, aligned with the overall strategic direction of the Department.

Standards for Annual Targets Category:

Progress Description	Percentage	Annual Report Status
Activity not initiated / concluded on time or progress was slower than planned.	0-99%	Not Achieved
Annual target delivered on time.	100%	Achieved

Targets were considered to be achieved if 100% of their elements were attained or exceeded and targets in the 0-99% range were considered not to have been achieved. The DSBD achieved 14 (56%) of its set targets, and 11 (44%) of the targets were not achieved.

2.1 Service Delivery Environment

The Department is mandated to lead and coordinate an integrated approach to the promotion and development of entrepreneurship, SMMEs and Co-operatives, and to ensure an enabling legislative and policy environment to support their growth and sustainability. According to the latest Seda SMME Quarterly Update of the Third Quarter of 2022, the total number of SMME owners rose by a significant 148 000 firms. Thereby increasing back to its pre-COVID level for the first time since the start of the pandemic. This improvement was in conjunction with a smaller bounce in GDP over the same period. The GDP recovery was supported by the resumption of normal operations at the Durban harbour, following disruptions on the back of severe flooding in April 2022. Adding to the bounce in small firms are perhaps the continued recovery in tourists who arrived by air, which was up by 19% in the third quarter.

The SMMEs and Co-operatives sector is still recovering from COVID-19 losses, severe flooding in KwaZulu-Natal during April 2022 and extensive loadshedding throughout the 2022/23 financial year. The floods in KwaZulu-Natal and Eastern Cape resulted in the South African GDP contracting by 0.7% in the second quarter, especially in the manufacturing hub of KwaZulu-Natal and countryside escalation of loadshedding by the national electricity utility. In response to the floods in KwaZulu-Natal and Eastern Cape, the Department together with its entities (Seda and **sefa**) initiated and implemented the Flood Relief Programme. The programme was to provide financial support to formal, small enterprises affected by the April 2022 floods in both KwaZulu-Natal and the Eastern Cape. The programme focused on uninsured and underinsured formal small businesses and small enterprises that needed funding for certain working capital, including stock, equipment, furniture fittings, tools, machinery replacement and repairs.

According to International Monetary Fund concluding statement of the 2023 Article IV Mission, the South African real GDP growth is projected to decelerate sharply to 0.1% in 2023, mainly due to a significant increase in the intensity of power cuts, as well as the weaker commodity prices and external environment. The implementation of blackouts in South Africa is taking its toll on various sectors of the economy. The unprecedented loadshedding is not impacting food security and mobile networks only, but the business sector at large. Government is taking action to both address

the immediate crisis, and to make loadshedding a thing of the past. Government is mobilising all the resources at its disposal and doing whatever it takes to achieve energy security in the country. The Presidency of the Republic of South Africa has released an action plan titled “Confronting the Energy Crisis – Action to End Loadshedding and Achieve Energy Security”, which highlights the five interventions to end the loadshedding in the country. Government is implementing a comprehensive set of actions to end loadshedding. The actions outline five interventions to address the electricity shortfall:

1. Fix Eskom and improve the availability of existing electricity supply.
2. Enable and accelerate private investment in electricity generation capacity.
3. Accelerate procurement of new capacity from renewables, gas and battery storage.
4. Unleash businesses and households to invest in rooftop solar.
5. Fundamentally transform the electricity sector to achieve long-term energy security.

In support of the five interventions, the SBD Portfolio, through **sefa**, conducted a research study on the impact of loadshedding on its funded clients, and the following were key findings:

- Most respondents were operating in manufacturing, retail trade, hotels and restaurants, construction, transport, community services, financial services, agriculture, mining and quarrying.
- The majority of these businesses were in operation for one to five years.
- Respondents suffered loss of revenue and production due to loadshedding.
- As many as 76% of respondents indicated that they do not have alternative power in place to mitigate the effect of loadshedding.

- To cope with the impact of loadshedding, most respondents indicated that they utilised the loadshedding schedule to plan their business operations and reduce their production.
- The majority indicated that they require assistance with funding to acquire alternative energy source and assistance with restructuring of their loans in respect of their loan repayment obligation to **sefa**.

Furthermore, in response to the above bleak and urgent socioeconomic outlook, the Department and its agencies convened the Strategic Planning Session on 18 – 20 August 2022 to review progress in performance towards achievement of the 2019-24 MTSF, the ERRP and Minister’s Performance Agreement and identify performance gaps and propose corrective strategies to achieve set targets by the end of the 2023/24 financial year, which is the final year of implementing the Sixth Administration priorities. Additionally, the session was used to revisit the Portfolio’s revised 2020-25 Strategic Plans and prepare for the development of the Portfolio 2023/24 APPs by envisioning the future of the SMMEs and Co-operatives Sector in South Africa informed by the Sixth Administration priorities, Minister’s Performance Agreement and the ERRP.

The Portfolio Strategic Planning Session noted that it’s on course to achieve targets set in the revised 2019-24 MTSF, the ERRP and the Minister’s Performance Agreement. The Localisation Policy Framework and Implementation Programme on SMMEs and Co-operatives developed and adopted by 31 March 2021, 100 incubation centres and digital hubs established by 2024 are amongst the targets that have already been achieved. During the 2023/24 financial year, the Department and its entities will continue to intensify the effort to create a conducive environment to accelerate support to SMMEs and Co-operatives and utilise internal support programmes such as the Co-operatives Development Support Programme (CDSP), Craft Support Programme (CSP), TREP, the SEMSP and the Youth Challenge Fund (YCF).

2.2 Service Delivery Improvement Plan

The Department has completed a Service Delivery Improvement Plan (SDIP). The tables below highlight the service delivery plan and the achievements to date.

Main services and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Township and Rural Enterprise Programme	<ul style="list-style-type: none"> • SMMEs and Co-operatives (formal and informal). • (Informal, micro and small enterprises and Co-operatives in the rural and township economies.) 	Financial support to township and rural enterprises with a threshold – ranging from R2 000 to R350 000 (with maximum grant of R50 000 for the R350 000 financial packages).	Financial support to all township and rural enterprises structured at a maximum value of R1 000 000, offered in the form of Blended Finance with 50% of the total approved amount being a grant, i.e. maximum grant amount of R100 000.	18 759 Township and Rural enterprises supported financially and/or non-financially.
		Facilitate 25 000 competitive small businesses with a special focus on township and rural enterprises.	Facilitate 35 000 competitive small businesses with a focus on township and rural enterprises.	Consolidated report on the 28 484 competitive SMMEs and Co-operatives Supported.

Batho Pele arrangements with beneficiaries (Consultation access, etc.)

Current/actual arrangements	Desired arrangements	Actual achievements
Due to the COVID-19 lockdown regulations that the Department has to adhere to, different approaches are being taken to reach beneficiaries. The Department utilises its call centre services, website and social media pages effectively to engage with stakeholders and beneficiaries.	All beneficiaries have continuous equal access to the services offered by the Department. To reach beneficiaries, the Department and its agency will continue to utilise its call centre services, website and its social media pages effectively to engage with stakeholders and beneficiaries.	Hybrid public information sharing engagements on various interventions of the Department took place during the financial year under review. These included initiatives such as consultative engagements, workshops, webinars, and public participation engagements conducted in municipalities across the country within all 44 districts.
Information is shared through the Department's call centre and all official media pages to effectively engage with stakeholders and beneficiaries. Website: www.dsbd.gov.za Email: info@dsbd.gov.za Call centre number: 0861 843 384	The beneficiaries will be given full, accurate, consistent and user-friendly information, performance information reports. Information will be shared through the call centre and all official media pages to effectively engage with stakeholders and beneficiaries. Provision of a step-by-step process to be followed when accessing information on the website. Website: www.dsbd.gov.za Email: info@dsbd.gov.za Call centre number: 0861 843 384	The Department, through Seda, has ensured that regional offices are capacitated with employees that speak the dominant languages within their respective regions.

Current/actual arrangements	Desired arrangements	Actual achievements
<p>The call centre receives and registers all queries or complaints. Queries and complaints are dealt with immediately by the call centre or escalated to the relevant business unit. All queries and complaints are resolved within 72 hours.</p>	<p>100% (All service points) clearly outlined complaints mechanisms in place. Resolution turnaround time met: 100% success rate on complaints management with the following breakdown: 100% acknowledgement rate of receipt within 2 days. 100% feedback on progress made after every 3 working days. The call centre receives and registers all queries or complaints. Queries and complaints are dealt with immediately by the call centre or escalated to the relevant business unit. All queries and complaints are resolved within 3 days.</p>	<p>The call centre receives and registers all queries or complaints. Queries and complaints are dealt with immediately by the call centre or escalated to the relevant business unit. All queries and complaints are resolved within 3 days.</p>
<p>Hybrid public information sharing engagements on various interventions of the Department. These include consultative engagements, workshops, webinars, and public participation engagements conducted in municipalities across the country within all 44 districts and 8 metros.</p>	<p>Public information sharing engagements on various interventions of the Department. These include consultative engagements, workshops, webinars, and public participation engagements conducted in municipalities across the country within all 44 districts and 8 metros.</p>	<p>Hybrid public information sharing engagements on various interventions of the Department took place during the financial year under review. These included initiatives such as consultative engagements, workshops, webinars, and public participation engagements conducted in municipalities across the country within all 44 districts.</p>
<p>Due to the COVID-19 lockdown regulations, there were no physical walk-ins recorded at the Department. Information regarding applications is made available on the website. Performance information published in the performance reports. However, information regarding applications is made available on the Small, Medium and Micro Enterprises South Africa (SMESA) Portal, which is an online tool. The Department also has social media platforms in which the beneficiaries can engage the Department on any matters regarding the service.</p>	<p>Walk-ins at the Department and also Seda and sefa regional offices. Information regarding applications is made available on the website. Information regarding applications is made available on the SMESA portal, which is an online tool. Performance information published in the performance reports. The Department also has social media platforms in which the beneficiaries can engage the Department on any matters regarding the service.</p>	<p>During this period, the DSBD continued to use its call centre services, website and its social media pages effectively to engage with stakeholders.</p>
<p>Online applications, beneficiaries do not have to incur transport costs. The programme offerings improve productivity of the beneficiaries.</p>	<p>Online applications, beneficiaries do not have to incur transport costs. The programme offerings improve productivity of the beneficiaries.</p>	<p>Information regarding progress on application status was made available on the SMESA portal which is an online tool.</p>

Service delivery information tool

Current/actual information tools	Desired information tools	Actual achievements
Conduct public engagements - roadshows, workshops, social media engagements, focus groups.	Conduct public engagements - roadshows, workshops, social media engagements, focus groups.	Hybrid public information sharing engagements on various interventions of the Department took place during the financial year under review. These included initiatives such as consultative engagements, workshops, webinars, and public participation engagements conducted in municipalities across the country within all 44 districts
Communicate the engagement plans for the Department with beneficiaries. Conduct roadshows, workshops, face-to-face sessions, virtual meetings.	Communicate the engagement plans for the Department with beneficiaries. Conduct roadshows, workshops, face-to-face sessions, virtual meetings.	Hybrid public information sharing engagements on various interventions of the Department took place during the financial year under review. These included initiatives such as consultative engagements, workshops, webinars, and public participation engagements conducted in municipalities across the country within all 44 districts.
Implement a communication plan that will drive the desired change in processes and culture and will also provide feedback to all identified critical stakeholders.	Implement a communication plan that will drive the desired change in processes and culture and will also provide feedback to all identified critical stakeholders.	During the year under review, the Department continued to implement its communication plan.

Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Media, Presidential Anti-Corruption Hotline, telephonic enquiries, correspondence, face-to-face meetings, stakeholder engagements during Izimbizo.	Enquiries received through media, Presidential Anti-Corruption Hotline, telephonic enquiries, correspondence, face-to-face meetings, questions raised during stakeholder engagements/ Izimbizo are responded to accurately and timeously.	Complaints received through the call centre by telephone and/or email.

2.3 Organisational environment

The period under review was a year of both successes and challenges for the Department. The Department managed to finalise the organisational structure; however, opted to place staff on the approved structure while continuing to operate on the interim structure until the end of the financial year. This allows for stability that supports delivery of the APP and allows employees to take up new portfolios at the start of the new financial year.

The moratorium on vacancies was lifted with the approval of the structure and the Department implemented a catch-up plan to decrease the vacancy rate and fill critical and strategic positions. The Department was well on its way to achieve a vacancy rate of less than 10%; however, the termination of nine permanent staff members hampered the Department's ability to further decrease the vacancy rate, resulting in a 10% vacancy rate at the end of the reporting period under review. While critical

positions such as the Deputy Director-General positions are in the recruitment process, these positions were still vacant at the end of the reporting period.

2.4 Key policy developments and legislative changes

Supply Chain Management Policy

National Treasury issued a Preferential Procurement Policy Framework Act (Act 5 of 2000) circular No. 01 of 2022/23, effective from 16 January 2023, wherein, departments were expected to **develop and implement their own Supply Chain Management Policy**, particularly determining and defining the specific procurement goals in alignment to the Preferential Procurement Policy Framework Act of 2000.

National Integrated Small Enterprise Development Strategic Framework

The Department embarked on consultations session with key role players in the small enterprise ecosystem to solicit inputs to the finalisation of the NISED Strategic Framework. During the drafting and finalisation of the Strategic Framework, a wide-ranging group of stakeholders was consulted. These included professional bodies, academia, business organisations, sector bodies, chambers of commerce, National Government, Provincial Government, Local Government and interest groups. The NISED Strategic Framework was approved for publication in the Gazette on 10 May 2022 for public commentary. This was open for a period of 30 days. Public comments and submissions received were consolidated into a final report. The DSBD hosted a Small Enterprise and Co-operatives Policy Dialogue from 4-5 August 2022. This was a final consultation platform for the draft NISED Strategic Framework.

The National Economic Development and Labour Council (NEDLAC) process began, and a draft Strategy was presented on 25 August 2022. The draft Strategic Framework was updated and revised subsequent to the public commentary, and inputs from the Policy Dialogue and deliberations from the NEDLAC meeting. The unit completed a Socio-Economic Impact Assessment System (SEIAS)-Final Impact Assessment questionnaire for the draft NISED framework. The questionnaire was submitted to the Department of Planning, Monitoring and Evaluation (DPME) on 30 September 2022. The SEIAS Certificate of Compliance on the NISED Strategic Framework was issued on 11 October 2022. Cabinet approved the Strategic Framework on 02 November 2022. On 17 February 2023, the Minister for Small Business Development approved

the Final NISED Strategic Framework, and it was published in the Gazette.

The NISED Strategic Framework is a strategy that advocates for coordination between government and the private sector key actors in order for small enterprises to reach their potential and grow. Government policies and strategies must be properly implemented and be revised to ensure that they are in line with the current state of small enterprises. The Integrated Strategy for the Promotion of Entrepreneurship and Small Enterprises (ISPESE) is one of the strategies that the DSBD needed to review to prioritise small enterprise development as per the White Paper (1995). The Strategic Framework acts as a social compact that seeks to consolidate and coordinate the work of government and the private sector on enterprise development. This plan seeks to enhance and increase participation of SMMEs and Co-operatives in the Priority Sectors of the economy.

Merger of the Entities

The Department is continuing with the merger of entities following Cabinet's approval of the Business Case giving green light for the process to proceed. A revised legislation schedule was submitted and presented to the Minister and Executive Committee (MinExco) for Minister's consideration. The merger enabling legislation (National Small Enterprise Amendment Bill) was formally submitted to the Office of The Chief State Law Advisor (OCSLA) for certification (constitutionality) and the DPME for SEIAS analysis. The SEIAS Certificate was issued by DPME on 27 April 2023. Discussions are underway with OCSLA in preparation for the legislation to be presented at Cabinet to allow for public comment.

3. ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The Department made significant progress towards achieving its five-year targets in relation to the outcome indicators in order to realise its medium-term outcomes and long-term Impact Statement and contribute towards the revised 2019-24 MTSF. The Department's Impact Statement is to ensure that the SMMEs and Co-operatives are sustainable and contributing meaningfully to the economy. During the year under review, the Department has made minimal changes to its outcome indicators and five-year targets and reflected the revision on the Annexure to the tabled 2022/23 APP.

In order to realise its Impact Statement, the Department has seven outcomes to be achieved over the medium-term period. These are:

• **Outcome One: Improved Governance and Compliance**

In the effort for improved governance and compliance outcome, the Administration Programme during the year under review, was to ensure that the accountability, transformation, risk management, implementation of risk-based internal audit plans, effectively implementing recruitment plans that will enable the Department to achieve its vacancy rate target through attracting, developing and retaining the skills needed to deliver on its crucial mandate.

The Department received its maiden **Unqualified Audit Opinion with no findings** popularly referred to as clean audit opinion, meaning that both the submitted Annual Financial Statements and performance information were free from material misstatements. The Department's audit opinion is an improvement from the 2020/21 auditing period where the Department received a clean audit opinion on performance information only while the Annual Financial Statements were unqualified with findings. The Department has achieved its five-year target to ensure that Unqualified Audit Opinion for both financial and non-financial performance data is obtained.

Additionally, the five-year target for the Administration Programme was to ensure that creditors are paid within 30 days and less than or equal to a 5% variance on the annual budget is maintained. During the year under review, the Department has paid 100% of valid creditors within 30 days and registered 0.75% variance on the annual budget respectively.

• **Outcome Two: Improved, integrated and streamlined business processes and systems**

In an effort to ensure that Department together with its entities (Seda and **sefa**) business process and ecosystem partners systems are improved, integrated and streamlined. The Department continued to provide integrated business solutions in the portfolio and ecosystem partners by putting in place functions that will enable Phase 4: SMME Business Index to identify levels of readiness and capability of small enterprises to be rolled out. The system is a "one-stop shop" repository of information, resources, services, opportunities, and network connections that is essential for helping entrepreneurs and innovators on their journey, from informal traders to high-growth businesses. The system will become a public gateway to provide a single

online portal for citizens to access a broad range of SMME support services, as well as innovation support for those requiring these more specialised services.

Furthermore, the Department has supported 25 municipalities to roll out the Red-Tape Reduction Awareness Programme. The Programme is primarily aimed at raising awareness, capacity building and commissioning research that:

- a) Helps identify sources of red-tape that affect small business and Co-operatives enterprises at both a national and local level.
- b) Monitors and evaluates impact that the Department's awareness raising, and capacity building have on municipalities in terms of addressing red tape reduction on the implicated procedures and policies; and
- c) Investigates sector and sub-sectors wherein the influence of red tape is unpacked, to develop strategies and interventions that circumvent the negative effects of red tape.

• **Outcome Three: Increased participation of SMMEs and Co-operatives in domestic and international markets**

The Department continued to implement SMMEs-focused Localisation Policy Framework that was adopted by Cabinet during the course of the 2020/21 financial year. To date, more than 800 products produced by SMMEs and Co-operatives have been linked/introduced to domestic markets through working relationships with large retailers and wholesalers across the country against a five-year target of 1 000 products. For the public sector market, DSBD compiled a list of 250 products and services that NT should consider for set asides after the approval of the Public Procurement Bill.

To drive localisation, the Department designed a focused Small Enterprise Manufacturing Support Programme aimed at building and supporting SMMEs participating in the manufacturing value chain. The purpose of the SEMSP is to build a manufacturing sector for an improved industrial base through a focused import replacement programme and build the industrial base for both the domestic market and external market. The Programme aims to contribute to South Africa's localisation strategy. As at 31 March 2023, approvals concluded amounted to R832.6 million to 85 SMMEs, facilitating 5 056 jobs. This is since the SEMSP started approving transactions on 18

September 2020. Over the same period, R548.0 million was disbursed to 74 SMMEs.

In order to ensure that the outcome is realised during the medium-term period, the Department also set itself the annual target of supporting 2 500 women-owned businesses and ecosystem stakeholders encouraged registration and/or participation on the international platform. To date, about 3 424 women-owned businesses were supported to register on the international platform. The Department is continuing to intensify its effort working towards realising its outcome to increase participation of women, youth and PWDs, SMMMEs and Co-operatives in the domestic and international markets.

- **Outcome Four: Scaled-Up and coordinated support for SMMEs, Co-operatives, Village and Township Economies**

The revised 2019-24 MTSF has set the SBD Portfolio a target to establish 100 incubators by 2024. To date, 110 Incubation Centres and Digital Hubs have been established. The 110 are operational centres, already in the implementation phase. The Incubation and Digital Hubs are aimed at nurturing new and existing small enterprises by providing them with financial and technical advice pertaining to the running of a business. The breakdown of these 110 that are in various stages of implementation is 73 Technology Business Incubators; 31 Centres for Entrepreneurship and Rapid Incubation; and six Township and Digital Hubs that focus on various designated sectors within which small business start-ups are functioning. The goal of increasing incubation centres and digital hubs to 100 by 2024 has already been achieved, and the new focus will be on improving governance, independent sustainability and returns on investments in these incubators.

- **Outcome Five: Reduced regulatory burdens for small enterprises**

The DSBD requested and successfully got the Businesses Act (1991) transferred from **the dtic** to the DSBD in the 2020/21 financial year. Through this legislation, the Department aims to provide for the issuing of trade licenses and permits by municipalities to both formal and informal businesses who want to operate in their geographic jurisdiction. It also provides a very broad policy and legislative framework without sufficient guidelines or a framework to ensure policy coherence and similarity across all the municipalities. This has also resulted in

uneven implementation across the country, with effective implementation in highly resourced municipalities and metros, while most poor municipalities have ineffective systems and procedures thus contributing to increased red tape.

The Act was originally intended to regulate the licensing of certain categories of businesses, and the schedule of regulated sectors has not been updated since 1991, creating a vacuum and confusion as to which sectors are regulated or not. To address this challenge, the Businesses Act (1991) has to be repealed and a fit-for-purpose legislation enacted. The Department has for this initial process of consultations focused on the primary users of this legislation namely, municipalities who are the sphere of government that must implement business licensing by-laws. The Businesses Amendment Bill have been approved by EXCO and Minister during the 2022/23 financial year. With the approval of the draft amendment Bill by the Minister by the end of the 2022/23 period, the consultation process will now proceed to Cabinet who should approve the gazetting of the Bill for public consultations during the 2023/2024 financial period.

In promoting the growth and sustainability of SMMEs and Co-operatives, the DSBD aims to create an enabling legal framework and to streamline regulatory conditions. To this end, the Department wants to ensure that both existing and new laws/rules/regulations do not impose unnecessary administrative burdens for small enterprises. To achieve this, it is important for the Department to have insight into such regulatory constraints. During the 2022/23 financial year, the Department has conducted a **“Rapid Review of ALL legislation that impacts SMMEs and Co-operatives” for “regulatory guillotining”**, that is, at the level of National, Provincial and Local Government. Special attention is being focused on the current post COVID-19 context and environment, also capturing the ERRP and other priority interventions of Government. In addressing the above laws that are an impediment to SMMEs, the challenge would be to:

1. Develop a more specific and intentional agenda for regulatory SME reform through engagement with representatives from small enterprises and public officials.
2. Clarify the approach to be followed in addressing both existing regulatory burdens and preventing additional ones from arising through new laws/regulations/by-laws.

3. Work with other government departments/agencies that are already trying to impact positively on the regulatory environment to improve the business enabling environment in South Africa.
4. Work closely with the Red-Tape Champion and his team in The Presidency to further contribute to the commitment that was made in the State of the Nation Address (SONA) by His Excellency President Cyril Ramaphosa.

- **Outcome Six: Increase contribution of SMMEs and Co-operatives in priority sectors**

Following public comments, the DSBD solicited inputs and recommendations on the final draft NISED Strategic Framework from social partners at the NEDLAC Forum. The NEDLAC recommendations were largely in agreement with the NISED Strategic Framework; however, the principal recommendation was for the amendment of the initial NISED Masterplan given the naming convention of **the dtic** sector-focused Masterplan process.

This process followed specific governance protocol process. The DSBD obtained a SEIAS Certificate of compliance on the NISED Strategic Framework on 11 October 2022. The DSBD submitted the final draft NISED Strategic Framework to Cabinet and subsequently the Framework was assented to on 02 November 2022. The NISED Strategic Framework was published in the Gazette by the Minister for Small Business Development on 17 February 2023.

During the 2022/23 financial year, the Department set a target to ensure that NISED strategic Framework implementation report was approved by EXCO. Provincial dialogue on the NISED Strategic Framework and Provincial SMME Summits were held during the period under review. The NISED Strategic Framework is a strategy that advocates for coordination between government and the private sector key actors in order for small enterprises to reach their potential and grow. Government policies and strategies must be properly implemented and be revised to ensure that they are in line with the current state of small enterprises. The ISPESE is one of the strategies that DSBD needed to review to prioritise small enterprise development as per the White Paper (1995).

The Strategic Framework is the foundation of the ISPESE, and it proposes recommendations following its review. The Strategic Framework depicts coordination among

governments in collaboration with private sector role players in the small business ecosystem. The NISED Strategic Framework suggests that there be engagements through National and Provincial summits which are recommended to take place every second year.

On 07 March 2023, the DSBD invited Provincial Economic Development Departments as one of the key role players supporting small enterprise development, to engage on the implementation of the NISED Strategic Framework, annual plans with specific focus on the Provincial Summits. This session outlined the background to the NISED Strategic Framework and the National Presidential SMME and Co-operatives Summit that was held in on 14-15 November 2022, and the anticipated Provincial Summits. Amongst the stakeholders who were present, in addition to the SBD Portfolio (DSBD, **sefa** and Seda), were the Northern Cape, KwaZulu-Natal, Department of Economic Development, Environmental Affairs and Tourism (DEDEAT Eastern Cape), Department of Economic Development, Tourism and Environmental Affairs (DEDTEA KwaZulu-Natal), Department of Economic Development and Tourism (DEDAT Mpumalanga), DSBD, Tourism and Environmental Affairs (DESTEAT Free State).

The overall feedback from the provinces was positive, as they expressed their support for the programme on summits.

- **Outcome Seven: Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives**

During the 2022/23 financial year, the Department undertook a comprehensive consultative policymaking process to obtain inputs from a broad stakeholder base which represents all role players within the SMME sector. The consultation sessions were held over a four-day period in April 2022. Over 200 individuals, representing over 80 organisations, comprising government departments, regulators, financiers, business trade associations, SMMEs and Co-operatives associations among others, attended the sessions.

In general, the stakeholders were supportive of the development of the SMMEs and Co-operatives Funding Policy by DSBD and appreciated the Department's efforts in creating an inclusive process where they can provide

input into the policy before its finalisation. At the same time, throughout the different consultation sessions, stakeholders raised the following issues:

- » Concerns over lack of implementation on the part of government – Stakeholders indicated that Government has over the years introduced policies, regulations, strategies, and implementation plans to address some of the issues identified in the SMMEs and Co-operative ecosystem but many of these are yet to be implemented. The stakeholders, therefore, recommended that this Policy be drafted in a manner that will enable the government to easily translate the policy proposals into implementable activities and that such activities be translated into an implementation action plan with defined timelines. The stakeholders further recommended that governance structures, with the DSBD at the centre, should be established to ensure this Policy's implementation and that appropriate monitoring and evaluation tools be developed to monitor progress and impact.

Furthermore, the Department, through EU and SA Youth Dialogues and the National SMMEs and Co-operatives Summit, presented a draft SMMEs and Co-operatives Funding Policy on 10 November and 14 November 2022 with the public and private sector role players audience (DFIs, SMMEs, Co-operatives and Microfinance Institutions) respectively. The Draft SMMEs and Co-operatives Funding Policy was approved by Cabinet for public comment in March 2023. It is anticipated that the Funding Policy will

be published in the government gazette before the end of April 2023.

The Township and Rural Enterprise Programme: This is a dedicated programme to provide financial and/or non-financial support to the township and rural enterprises with emphasis on enterprises owned and managed by the designated groups (Women, Youth and PWDs). The Programme is implemented through **sefa** and Seda, who provide financial and non-financial support, respectively. During the period under review, 18 759 township and rural enterprises were supported financially and/or non-financially, bringing the total to 68 802 township and rural enterprises supported to date.

Youth Support: The SBD Portfolio provided financial and/or non-financial to 8 988 start-up youth businesses during the period under review, against the revised 2019-24 MTSF target of 10 000 start-ups youth businesses supported per annum.

The Department is facilitating the increase in number of competitive small businesses and Co-operatives supported. Competitive SMMEs and Co-operatives are defined as SMMEs and Co-operatives supported financially and/or non-financially with the ability to create or sustain jobs. The Department reported that a total of 28 484 competitive SMMEs and Co-operatives were supported through the Seda and **sefa** non-financial and financial instruments, in the mid-term period under review. To date, the Department has supported a total of 132 572 competitive small businesses and Co-operatives.

4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

4.1 Programme 1: Administration

4.1.1 Purpose

To provide strategic leadership, management and support services to the Department.

4.1.2 Sub-programme and Sub-Purpose

- **Ministry** – To provide for administrative and logistical support to the Minister and Deputy Minister.
- **Departmental Management (Office of the DG)** – To provide strategic leadership, management and support services to the Minister, Deputy Minister, Director-General and the Department.
- **Corporate Services** – To provide enterprise-wide support services comprising of human resources, legal services, learning and development and transformation policy and coordination, security management, facilities management and ICT.
- **Financial Management** – To provide strategic leadership and advice on supply chain, financial and asset management related services to the Department.

4.1.3 Institutional Outcomes

- Improved governance and compliance.
- Improved integrated and streamlined business processes and systems.

4.1.4 Programme One: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Programme One: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	** Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviations
1. Improved Governance and Compliance.	1.1 Unqualified audit outcome for the Department.	a) Unqualified audit outcome on non-financial performance information obtained.	Achieved: Unqualified audit outcome for the Department for 2019/20 financial year obtained.	Target Achieved: Unqualified audit outcome on non-financial performance information for 2020/21 financial year.	Unqualified audit outcome on non-financial performance for 2021/22 financial year.	Target Achieved: Unqualified audit outcome on non-financial performance information for 2021/22 financial year.	N/A	N/A

Programme One: Administration

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	** Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviations
		b) Unqualified audit outcome on Annual Financial Statements obtained.		Target Achieved: Unqualified audit outcome on Annual Financial Statements for 2020/21 financial year.	Unqualified audit outcome on Annual Financial Statements for 2021/22 financial year.	Target Achieved: Unqualified audit outcome on Annual Financial Statements for 2021/22 financial year.	N/A	N/A
	1.2 Payment register.	% of valid creditors paid within 30 days.	Achieved: 100% of valid creditors paid in under 30 days.	Target Not Achieved: 99.8% of valid creditors were paid within 25 days.	100% of valid creditors paid within 30 days.	Target Achieved: 100% of valid creditors paid within 30 days.	N/A	N/A
	1.3 ≥95% expenditure on annual budget.	% variance on annual budget.	Achieved: 1.3% variance on annual budget.	Target Achieved: 0.9% variance on annual budget.	≤5% variance on annual budget.	Target Achieved: 0.75% variance on annual budget.	N/A	N/A
	1.4 <10% vacancy rate.	% vacancy rate in funded permanent posts.	Target Achieved: 9.7% vacancy rate in funded posts.	Target Not Achieved: 16.2% vacancy rate in funded permanent posts.	<10% vacancy rate in funded permanent posts.	Target Not Achieved: 10% vacancy rate in funded permanent posts.	Underachievement of 0.1% vacancy rate in funded posts.	9 terminations during the 2022/23 financial year.
	1.5 ≥ 50% female in SMS employed.	% female SMS representation.	Target Achieved: 57.1% of female SMS representation.	Target Not Achieved: 47.1% of female SMS representation.	≥ 50% of female SMS representation.	Target Achieved: 51.5% of female SMS representation.	N/A	N/A

Programme One: Administration

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	** Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviations
	1.6 ≥4.2% representation of PWDs.	% representation of PWDs.	Target Achieved: 3.3% representation of PWDs.	Target Achieved: 3.8% representation of PWDs.	≥4.2% representation of PWDs.	Target Not Achieved: 3.3% representation of PWDs.	Underachievement of 0.9 % representation of PWDs.	Lack of targeted recruitment and limited applications impacted ability to increase representation. (No appointment of PWDs during the period under review).
	1.7 DSBD and its Agencies' public engagement programmes implemented within District Municipalities.	Number DSBD and its Agencies' public engagement programmes implemented within District Municipalities.	N/A	Target Achieved: 82 DSBD and its Agencies' public engagement programmes implemented in District Municipalities.	70 DSBD and its Agencies' public engagement programmes implemented within District Municipalities.	Target Achieved: 135 DSBD and its Agencies' public engagement programmes implemented within District Municipalities.	65 DSBD and its Agencies' public engagement programmes implemented within District Municipalities.	In addition to planned SBD Portfolio public engagements, the Department and its agencies received several external invitations from ecosystem stakeholders to collaborate on other different programmes offered by the SBD Portfolio.

Programme One: Administration

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	** Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviations
2. Improved integrated and streamlined business processes and systems.	2.1 Phase 4 and Phase 5: SMME Database implemented.	SMME Database - SMME Business Index to identify levels of readiness and capability of small enterprises implemented.	Target Achieved: Phase 2: SMME Database – Government Agencies integrated data implemented.	Target achieved: Phase 3: SMME Database – Key Trade Exchange Platform integrated and enhanced reporting implemented.	Phase 4: SMME Database - SMME Business Index to identify levels of readiness and capability of small enterprises implemented.	Target not achieved: Phase 4: SMME Database - SMME Business Index to identify levels of readiness and capability of small enterprises was not implemented.	Phase 4: SMME Database - SMME Business Index to identify levels of readiness and capability of small enterprises was not implemented.	The system has been developed and tested but was not implemented (rolled out) at the end of the reporting period under review. The system will be rolled out during quarter two of 2023/24 financial year.
		SMME Database - Small Enterprises Credit Scoring and Rating System to facilitate access to finance implemented.			Phase 5: SMME Database - Small Enterprises Credit Scoring and Rating System to facilitate access to finance implemented.	Target not achieved: Phase 5: SMME Database - Small Enterprises Credit Scoring and Rating System to facilitate access to finance was not implemented.	Phase 5: SMME Database - Small Enterprises Credit Scoring and Rating System to facilitate access to finance was not implemented.	Payment advance was not finalised during the 2022/23 financial year.

The Administration Programme continued to provide strategic leadership, management, and support services to the entire DSBD. During the period under review, the Department received its maiden **Unqualified Audit Opinion with no findings** for the 2021/22 financial year. The Financial Management Sub-programme administers compliance with all relevant financial statutes and regulations, the most important of which is the PFMA (1999), by providing strategic leadership and advice on supply chain, financial and asset management-related services to the Department. During the year under review, the Financial Management Sub-programme has achieved 100% of the targets that it is responsible for, in the 2022/23 APP. These comprised the processing of 11 044 invoices worth R63 million on an average of 7 days, facilitating timely access to cash flow, which is critical in sustaining enterprises and obtaining an unqualified audit opinion on the 2021/22 Annual Financial Statements. Furthermore, the Department was able to spend R2.514 billion of the R2.533 billion of the allocated resources. The Department has not incurred any fruitless and wasteful expenditure for the year under review.

The Corporate Services Sub-programme role was to provide enterprise-wide support services comprising of human resources, legal services, learning and development and transformation policy and coordination, security management, facilities management and ICT. Human Resources Management set out to reduce the vacancy rate to be less than 10%, whilst ensuring representation of women in SMS at 50% or above, and increasing employment of PWDs to 4.2% or more. Department closed the reporting period with female representation at SMS at 51.5%; however, a vacancy rate of less than 10% and employment of PWDs at 4.2%, were not achieved.

ICT improves the Department together with its entities' operational efficiency, optimises SMMEs and Co-operatives repository, drives innovation and accelerates the delivery of services. Progress on Phase 4: SMME Business Index to identify levels of readiness and capability of small enterprises was recorded. The system, which is a "one-stop shop" repository of information, resources, services, opportunities, and network connections that is essential for helping entrepreneurs and innovators on their journey, from informal traders to high-growth businesses was developed and tested but not implemented within the financial year under review. The Administration Programme focused on supporting designated groups within the employ of the DSBD, setting targets for women representation in SMS and for employment of PWDs.

4.1.5 Linking Performance with Budgets

Sub Programme Name	2022/23			2021/22		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Ministry	34 924	32 191	2 733	25 584	25 464	120
Departmental Management (Office of the DG)	31 041	29 567	1 474	28 000	27 817	183
Corporate Services	31 793	29 722	2 071	29 117	27 799	1 318
Financial Management	19 918	18 138	1 780	18 301	18 114	187
TOTAL	117 676	109 619	8 057	101 002	99 194	1 808

Annual expenditure for Programme One: Administration amounted to R109.6 million (93.2%) against the final appropriation of R117.7 million, resulting in an under expenditure of R8.1 million (6.8%). Compensation of Employees contributed R5.1 million to the under expenditure due to vacancies, while Capital Expenditure contributed R2.7 million due to orders for the ministerial vehicles and departmental bakkies not being delivered before the end of the financial year under review.

The main cost drivers on expenditure for Programme One are Compensation of Employees at R70.1 million and Goods and Services at R36.7 million. The drivers on Goods and Services expenditure are travel and subsistence (R12.5 million), operating leases for office accommodation (R9.5 million), audit costs (R3.3 million), Property payments (R2.8 million), Fleet services (R2.3 million), Bursaries (R1 million), Consultants (R959 thousand), and Communication (R775 thousand).

4.1.6 Strategy to Overcome Areas of Underperformance

Area of Underperformance	Extent of Underperformance	Strategies to Overcome the Areas of Underperformance
<10% vacancy rate in funded permanent posts.	Underachievement of 0.1% vacancy rate in funded posts.	Recruitment plan in place to prioritise filling of vacant funded posts. Employment of 6 additional resources to assist with recruitment and selection process.
≥4.2% representation of PWDs.	Underachievement of 0.9% in representation of PWDs.	Develop a recruitment strategy to address challenges. Earmark posts for PWDs.
Phase 4: SMME Database - SMME Business Index to identify levels of readiness and capability of small enterprises implemented.	The system has been developed and tested but was not implemented (rolled out) at the end of the reporting period under review.	To roll out the implementation of the system once all the functionality matters have finalised. The system will be rolled out during quarter two of 2023/24 financial year.
Phase 5: SMME Database - Small Enterprises Credit Scoring and Rating System to facilitate access to finance implemented.	Phase 5: SMME Database - Small Enterprises Credit Scoring and Rating System to facilitate access to finance was not implemented.	Upon payment advance, the development and release of the phase will be completed.

4.1.7 Performance in relation to Standardised Outputs and Output Indicators for Sectors with Concurrent Functions

Not applicable to the DSBD.

4.2 Programme 2: Sector and Market Development

4.2.1 Purpose

To facilitate and increase access to markets for SMMEs through business information, product development support and value chain integration.

4.2.2 Sub-programme and Sub-purpose

- **Sector and Market Development Management** – To provide leadership to the branch and support entry and growth of SMMEs in prioritised and designated sectors of the economy.
- **Business Information and Knowledge Management** – To provide evidence-based (economic analysis, econometrics, research) business information to direct sector thought leadership.
- **Ease of Doing Business** – To reduce the administrative and regulatory burden of doing business for SMMEs.
- **Access to Market Support** – To provide domestic and international market support services to SMMEs.

4.2.3 Institutional Outcomes

- Increased participation of SMMEs and Co-operatives in domestic and international markets.
- Increased Contribution of SMMEs and Co-operatives in priority vector.
- Scaled-Up and coordinated support for SMMEs, Co-operatives, village and township economies.

4.2.4. Programme Two: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Programme Two: Sector and Market Development								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	**Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for Deviations
1. Increased participation of SMMEs and Co-operatives in domestic and international markets.	1.1 Products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	Number of products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	Achieved: 238 products produced by SMMEs and Co-operatives linked to market.	Target Achieved: 288 products produced and services rendered by SMMEs and Co-operatives linked to market.	250 products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	Target Achieved: 281 products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	Additional 31 products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	More products were introduced to market in order to provide the market with a wide variety of products to choose from when approving qualifying suppliers.

Programme Two: Sector and Market Development

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	**Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for Deviations
	1.2. Women-owned businesses supported to register on international platform.	Number of women-owned businesses supported to register on international platform.	Not Achieved: 1 015 women-owned businesses supported to register on international platform.	Target Not Achieved: 1 207 women-owned enterprises monitored to participate on SheTradesZA platform.	2 500 women-owned businesses supported to register on international platform.	Target Not Achieved: 1 202 women-owned businesses supported to register on international platform.	Underachievement by 1 298.	Despite the support provided to women-owned businesses, they unfortunately did not follow through to the events.
	1.3. SMMEs and Co-operatives linked to global market opportunities.	Number of SMMEs and Co-operatives linked to global market opportunities.	N/A	Target Achieved: 242 SMMEs and Co-operatives exposed to international market opportunities.	250 SMMEs and Co-operatives linked to global market opportunities.	Target Not Achieved: 68 SMMEs and Co-operatives linked to global market opportunities.	Underachievement by 182.	Lack of suitable global events to link SMMEs and Co-operatives.
	1.4 Business infrastructure for SMMEs and Co-operatives refurbished or built.	Number of business infrastructure for SMMEs and Co-operatives refurbished or built.	N/A	N/A	Six (6) business infrastructure for SMMEs and Co-operatives refurbished or built.	Target not achieved: Two (2) business infrastructure for SMMEs and Co-operatives refurbished or built.	Underachievement by 4 business infrastructure for SMMEs and Co-operatives refurbished or built.	The 4 projects could not be finalised due to construction delays mainly due to unfavourable weather conditions

Programme Two: Sector and Market Development

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	**Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for Deviations
2. Scaled-Up and coordinated support for SMMEs, Co-operatives, village and township economies.	2.1. Incubation Support Programme Improvement Plan monitored.	Number of Monitoring Reports on the Incubation Support Programme Improvement Plan approved by EXCO.	N/A	Target Not Achieved: Incubation Support Programme (ISP) evaluation not conducted and approved by EXCO.	Two (2) Monitoring Reports on the Incubation Support Programme improvement plan approved by EXCO.	Target not achieved: Two (2) Monitoring Reports on the Incubation Support Programme improvement plan not approved by EXCO.	Only literature review report and evaluation framework produced.	Monitoring Report on the ISP Improvement Plan was not produced due to the evaluation study not being finalised.
3. Reduced regulatory burdens for small enterprises.	3.1 Progress reports on the review of the Businesses Amendment Bill and proposed changes produced.	Number of progress reports on the review of the Businesses Amendment Bill and proposed changes approved by EXCO.	N/A	N/A	Two (2) progress reports on the review of the Businesses Amendment Bill and proposed changes approved by EXCO.	Target Achieved: Two (2) progress reports on the review of the Businesses Amendment Bill and proposed changes approved by EXCO.	N/A	N/A

Market access is at the core of the establishment and growth of any enterprise, as no enterprise can survive without access to markets. In this regard, the Department has set itself a target of 250 products produced and services rendered by SMMEs and Co-operatives linked to the domestic market. A total of 281 products produced and services rendered by SMMEs, and Co-operatives were successfully linked to the domestic market.

The Department also set itself the annual target of supporting 2 500 women-owned businesses to register on the international platform. A total of 1 202 women-owned businesses were supported to register on the international platform by 31 March 2023. While the number of supported women-owned businesses may seem low, the small business women owners were provided with support through various interventions, and therefore the number would be higher if only one intervention was provided

for each women-owned business. The Department is continuing to intensify its effort working towards realising its outcome to increase participation of women, youth and PWDs, SMMEs and Co-operatives in the domestic and international markets.

To contribute toward increased participation of SMMEs and Co-operatives in domestic and international markets medium-term outcome, the Department set the annual target for linking a total of 250 SMMEs and Co-operatives to international market. In this regard, the target was not achieved. The Department managed to only link 68 SMMEs and Co-operatives to global market opportunities and going forward the Department will Identify and establish additional partnerships to link SMMEs and Co-operatives on the international platform.

For the year under review, the Department had set itself six business infrastructure for SMMEs and Co-operatives that would be refurbished or built. However, significant delays, mainly due to weather conditions, were experienced in four of the targeted six projects. This resulted in two projects being completed: Fresh Produce Packhouse in Chris Hani District; and Maubane Irrigation Project in Bojanala District.

Another important target that was set out to be achieved by the Department was the production of two Monitoring Reports on the ISP Improvement Plan. Unfortunately, the target was not met, and this is due to the Impact Evaluation Study that was not completed. The delay in appointing the service provider also contributed and the delay was due to the approach of initially trying to use a single-source procurement which was not approved by NT. To overcome the underperformance, the Department will track the activities and have close engagements with the service provider to ensure the study is completed.

During the year under review, the Department started the process of reviewing the Businesses Act (1991), as amended in 1993, and intends to introduce an amendment Bill to Parliament by the end of the 2023/24 financial year. The Department has for this initial process of consultations focused on the primary users of this legislation namely, municipalities which are the sphere of government that must implement business licensing by-laws. The Businesses Amendment Bill was approved by EXCO and the Minister during the 2022/23 financial year. With the approval of the draft amendment Bill by the Minister by the end of the 2022/2023 period, the consultation process will now proceed to Cabinet who should approve the gazetting of the Bill for public consultations during the 2023/24 financial year.

4.2.5 Linking Performance with Budgets

Sub Programme Name	2022/23			2021/22		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Sector and Market Development Management	310	1	310	1 581	808	773
Business Information and Knowledge Management	16 686	16 248	438	19 459	14 254	5 205
Ease of Doing Business	11 022	8 786	2 236	7 961	7 564	397
Access to Market Support	92 652	91 610	1 042	78 138	67 805	10 333
TOTAL	120 670	116 644	4 026	107 139	90 431	16 708

Annual expenditure for Programme Two: Sector Market Development amounted to R116.6 million (96.7%) against the final appropriation of R120.7 million, resulting in an under expenditure of R4 million (3.3%). Compensation of Employees underspent by R3.5 million due to vacancies and Goods and Services contributed R467 million largely on Travel and Subsistence as the expenditure for the Ghana trip was less than anticipated.

The main cost drivers on expenditure for Programme Two are Transfer payments at R73.3 million on the Product Market instrument; Compensation of Employees at R21.9 million, Goods and Services at R16.7 million and Capital Assets at R4.8 million. The drivers on Goods and Services expenditure are Computer services (5 million), Travel and subsistence (R4.4 million), Consultants (R4.2 million), Venues (R1.4 million) and Administrative fees (R866 thousand).

4.2.6 Strategy to Overcome Areas of Underperformance

Area of Underperformance	Extent of Underperformance	Strategies to Overcome the Areas of Underperformance
2 500 women-owned businesses supported to register on international platform.	1 202 women-owned businesses supported to register on international platform.	Seda, which has wider reach through their regional offices will be implementing this target from 2023/24 financial year.
250 SMMEs and Co-operatives linked to global market opportunities.	68 SMMEs and Co-operatives linked to global market opportunities.	Identify and establish additional partnerships.
6 business infrastructure for SMMEs and Co-operatives refurbished or built.	2 business infrastructure for SMMEs and Co-operatives refurbished or built.	A Quantity Surveyor and a Professional Architecture are due to join the Department during Q1 of 2023/24 financial year to assist with the achievement of this milestone.
2 Monitoring Reports on the ISP Improvement Plan approved by EXCO.	Monitoring Report on the ISP Improvement Plan not approved by EXCO.	Tracking the activities and having close engagements with the service provider to ensure the study is completed.

4.2.7 Performance in relation to Standardised Outputs and Output Indicators for Sectors with Concurrent Functions

Not applicable to the DSBD.

4.3 Programme 3: Development Finance

4.3.1 Purpose

To expand access to finance for SMMEs and Co-operatives through innovative service offerings.

4.3.2 Sub-programme and Sub-purpose

- **Development Finance Management** – To provide leadership to the branch and support entry and growth of SMMEs in prioritised and designated sectors of the economy.
- **Model Funding collaboration** – To create enabling financial support structures for SMMEs.
- **Blended Finance** – To design blended financial support initiatives for SMMEs.
- **Business Viability** – To provide business assurance strategies for SMMEs.

4.3.3 Institutional Outcomes

- Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.

4.3.4 Programme Three: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Programme Three: Development Finance								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	**Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for Deviations
1. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	1.1. Consolidated progress report on the finalisation of SMMEs and Co-operatives Funding Policy approved.	Consolidated progress report on the finalisation of SMMEs and Co-operatives Funding Policy approved by EXCO.	Achieved: SMMEs and Co-operatives Funding Policy developed and approved by EXCO.	Target Not Achieved: SMMEs and Co-operatives Funding Policy not approved, implemented and reported on.	Consolidated progress report on finalisation of the SMMEs and Co-operatives Funding Policy approved by EXCO.	Target Achieved: Consolidated progress report on the finalisation of SMMEs and Co-operatives Funding Policy was approved by EXCO.	N/A	N/A

Programme Three: Development Finance

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	**Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for Deviations
	1.2 Co-operatives supported financially and/or non-financially.	Number of Co-operatives supported financially and/or non-financially.	Not Achieved: Co-operatives supported through non-financial and/or financial to the value of R31.1 million.	Target Not Achieved: Co-operatives supported to the value of R13.03 million.	200 Co-operatives supported financially and/or non-financially.	Target Achieved: 321 Co-operatives supported financially and/or non-financially.	121 more Co-operatives supported financially and/or non-financially.	There was interest from more Co-operatives than anticipated because the Department reached out to more partners and stakeholders.
	1.3. Township and rural enterprises supported financially and/or non-financially.	Number of township and rural enterprises supported financially and/or non-financially.	Not Achieved: 13 987 township and rural enterprises supported financially and/or non-financially.	Target Not Achieved: township and rural enterprises supported to the value of R545 533 667.77	20 000 township and rural enterprises supported financially and/or non-financially.	Target Not Achieved: 18 759 Township and Rural enterprises supported financially and/or non-financially.	Underachievement by 1 241.	The SBD Portfolio is in the process of introducing new systems to adapt to the Single Term Sheet approach to cover all sectors.
	1.4. SMMEs and Co-operatives in the craft sector supported through the Craft Customised Sector Programme.	Number of crafters supported through the Craft Customised Sector Programme.	Achieved: 726 Crafters supported through the Craft Customised Sector Programme	Target achieved: 953 Crafters supported through the Craft Customised Sector Programme.	900 crafters supported through the Craft Customised Sector Programme.	Target Not Achieved: 659 crafters supported through the Craft Customised Sector Programme.	Underachievement by 241.	There was low uptake on the Craft Customised Sector Programme.

Programme Three: Development Finance

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	**Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for Deviations
	1.5. Start-up youth businesses supported financially and/or non-financially.	Number of start-up youth businesses supported financially and/or non-financially.	N/A	Target achieved: 13 369 start-up youth businesses supported financially and non-financially.	10 000 start-up youth businesses supported financially and/or non-financially.	Target Not Achieved: 8 988 start-up youth businesses supported financially and/or non-financially.	Underachievement by 1 012.	The low quality of applications received.
	1.6. Consolidated report on supported Competitive SMMEs and Co-operatives produced.	Consolidated report on the number of competitive SMMEs and Co-operatives supported approved by EXCO.	Achieved: Consolidated report on the 2 000 competitive SMMEs and Co-operatives supported approved by EXCO.	Target Achieved: Consolidated report on the 70 384 competitive SMMEs and Co-operatives supported approved by EXCO.	Consolidated report on the 25 000 competitive SMMEs and Co-operatives supported approved by EXCO.	Target Achieved: Consolidated report on the 28 484 competitive SMMEs and Co-operatives supported approved by EXCO.	Overachievement of 3 484.	The variance is attributable mainly to the rise in loans applications approved which include beneficiaries of the Flood Relief Programme, Business Development Support Services rendered and Small Business Development Portfolio brand visibility through various communication channels such as events, social media, webinars and radio stations.

During the year under review, the Department worked towards finalising the SMMEs and Co-operatives Funding Policy, which seeks to expand access to financial support by new and existing SMMEs and Co-operatives in the underserved areas such as townships and rural areas, prioritising women, youth and PWDs, and promote broader participation of small businesses in the mainstream economy. The finalisation of the SMMEs and Co-operatives Funding Policy is part of the responsive programmes to support new and existing SMMEs and Co-operatives. The Department is directly contributing towards the revised 2019-24 MTSF outcome reducing concentration and monopolies and expanding the small business sector. The Funding Policy was approved by Cabinet in March 2023. The Policy was gazetted on 28 April 2023 for public comment, for a period of 30 days.

In an effort to contribute toward the revised 2019-24 MTSF outcome to increase economic participation, ownership, access to resources, opportunities and wage equality for women, youth and PWDs, the Department implemented the TREP incentives schemes that are meant to stimulate and facilitate the development of sustainable and competitive enterprises in the township and rural areas, targeting the designated groups – women, youth and PWDs. A total of 18 759 township and rural enterprises were supported against 20 000 set annual target but these enterprises were supported with different interventions and the interventions came to a total of 22 957 for 2022/23 financial year. Further, the Department and its entities supported 321 Co-operatives financially and/or non-financially.

The revised 2019-24 MTSF further highlighted that high youth unemployment coupled with growing poverty and inequality is a critical challenge facing our society. Young people also have limited access to resources that can help them find a way out of poverty and enable them to become agents of change. To mitigate the critical challenge, the Department and its entities has supported 8 988 start-up youth businesses supported financially and/or non-financially against the 10 000 set annual target aim to explore the introduction of measures to support the establishment of new, youth-owned start-ups. However, if the Department were to count the number of interventions provided to support the 8 988 start-up youth businesses, a total of 11 438 would have been recorded. The Department further supported 659 crafters through the Craft Customised Sector Programme at a budgeted amount of R35.5 million against the set annual target of 900. Similar to the youth start-up businesses, the number of interventions provided as support to the 659 crafters amounted to a total of 1001 for the period under review.

In conclusion, the Department and its entities continues to facilitate the increase in the number of competitive small businesses with a focus on township and rural economies. The competitive SMMEs and Co-operatives are those SMMEs and Co-operatives supported financially and/or non-financially with the ability to create or sustain jobs. A total of 28 484 competitive SMMEs and Co-operatives were supported by 31 March 2023.

4.3.5 Linking Performance with Budgets

Sub Programme Name	2022/23			2021/22		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Development Finance Management	414	-	414	1 912	1 270	642
Model Funding collaboration	10 526	9 061	1 465	7 057	6 976	81
Blended Finance	1 295 922	1 294 916	1 006	1 534 086	1 532 434	1 652
Business Viability	11 622	11 309	313	11 327	10 945	382
TOTAL	1 318 484	1 315 286	3 198	1 554 382	1 551 625	2 757

Annual expenditure for Programme Three: Development Finance amounted to R1.315 billion (99.8%) against the final appropriation of R1.318 billion, resulting in an under expenditure of R3.2 million (0.2%). Compensation of Employees contributed R2.6 million to the under expenditure due to vacancies. The Craft Customised Sector Programme contributed R313 thousand to the underperformance due to delays in the approval for the establishment of a second Craft Shop in Port Elizabeth by the municipality, while the Cooperative Development Support Programme underperformed by R158 thousand due to delays in the commencement of the project.

The main cost drivers of expenditure in the Programme are Transfers and Subsidies at R1.282 billion, Compensation of Employees at R31 million, and Goods and Services at R1.9 million. The drivers of expenditure on Goods and Services are travel and subsistence (R1.6 million) and Fleet services (R202 thousand).

4.3.6 Strategy to Overcome Areas of Underperformance

Area of Underperformance	Extent of Underperformance	Strategies to Overcome the Areas of Underperformance
20 000 township and rural enterprises supported financially and/or non-financially.	18 759 township and rural enterprises supported financially and/or non-financially.	There will be realignment of the delivery approach by sefa and Seda on TREP through the planned use of the ecosystem facilitation model of the DDM by the SBD Portfolio.
900 crafters supported through the Craft Customised Sector Programme.	659 crafters supported through the Craft Customised Sector Programme.	Intensified awareness programmes will be rolled-out during 2023/24 financial year in order to increase the uptake.
10 000 start-up youth businesses Supported financially and/or non-financially.	8 988 start-up youth businesses supported financially and/or non-financially.	Support clients to submit quality applications together with valid business plans.

4.3.7 Performance in Relation to Standardised Outputs and Output Indicators for Sectors with Concurrent Functions

Not applicable to the DSBD.

4.4 Programme 4: Enterprise Development

4.4.1 Purpose

To oversee the promotion of an ecosystem that enhances entrepreneurship and the establishment, growth and sustainability of small businesses and Co-operatives as well as coordinating business development support interventions across various spheres of government.

4.4.2 Sub-programme and Sub-purpose:

- **Enterprise Development Management** – To provide leadership to the branch, exercise oversight in the execution of programmes by the implementing agencies and coordinate the provision of an entrepreneurship development and support service infrastructure.
- **Enterprise and Supplier Development** – To drive the transformation of the economy through the formulation of policy instruments and advocacy work aimed at the inclusion of SMMEs in the mainstream economy.
- **SMME Competitiveness** – To work with municipalities through their Integrated Development Plans to develop, enhance and implement enterprise development programmes toward improved Local Economic Development (LED).

4.4.3 Institutional Outcomes

- Increase contribution of SMMEs and Co-operatives in priority sectors.
- Improved integrated and streamlined business processes and systems.
- Reduced regulatory burdens for small enterprises.

4.4.4 Programme Four: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Programme Four: Enterprise Development								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	**Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for Deviations
1. Increase contribution of SMMEs and Co-operatives in priority sectors.	1.1. National Integrated Small Enterprise Development Masterplan implemented and reported on.	National Integrated Small Enterprise Development Masterplan implementation report approved by EXCO.	Target Achieved: National Integrated Small Enterprise Development Masterplan approved by EXCO.	Target achieved: National Integrated Small Enterprise Development Masterplan submitted to Minister for Cabinet approval.	National Integrated Small Enterprise Development Masterplan Implementation report approved by EXCO.	Target Achieved: National Integrated Small Enterprise Development Masterplan implementation report approved by EXCO.	N/A	N/A

Programme Four: Enterprise Development

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	**Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for Deviations
2. Improved integrated and streamlined business processes and systems.	2.1. Municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	Number of municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	Achieved: 3 districts in a province assisted with Ease of Doing Business (EODB) Pilot Administrative Simplification Programme for SMMEs and Co-operatives – Baseline.	Target Achieved: 3 districts assisted through the Red-Tape Reduction Action Plan.	20 municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	Target Achieved: 25 municipalities were assisted to roll out the Red-Tape Reduction Awareness Programme.	Overachievement by 5	The Department responded to more invitations from municipalities, to assist with the roll-out of RTRP.
3. Reduced regulatory burdens for small enterprises.	3.1. Assessment review of SMME regulatory impediments to reform.	Approved report on the assessment review of SMME regulatory impediments to reform.	N/A	N/A	Assessment review report of SMME regulatory impediments to reform approved by EXCO.	Target Achieved: Assessment review report of SMME regulatory impediments to reform was approved by EXCO.	N/A	N/A

During the 2022/23 financial year, the Department through the Enterprise Development programme has implemented the NISED Masterplan (Strategic Framework) through the advocacy of the NISED Strategic Framework. The NISED emphasises the importance of distinctions between micro, small and medium enterprises and supporting and encouraging women and youth enterprise development through partnerships we will make greater impact. Upon approval of NISED by Cabinet, there was the successful hosting of the National Presidential SMME and Co-operatives Summit 2022 from 13 – 15 November 2022, which included the Inaugural SMME and Co-operatives Awards and NISED was officially launched by the Minister for SBD.

On 17 February 2023, the NISED Strategic Framework was officially published in the Gazette. The Department presented and engaged on NISED with the National Youth Development Agency (NYDA) Board and later with Executive Management in December 2023 and January 2023 respectively. Further engagements on NISED

were held with the Department of Agriculture. Land Reform and Rural Development (DALRRD) National and Provincial Departments and agencies. Presented to SBD Portfolio (SEDA, Sefa, CBDA) Governance Forum on the internalisation of NISED as a frame of reference in our plans. Forming part of the SBD Portfolio, Seda led the Coordinating Committee on the District Ecosystem Facilitation (DEF) Model, towards the implementation of Pillar 3 (Service Delivery of Finance and Non-Financial Support) of NISED. The NISED Roll-out Dialogue was hosted for Provinces (departments and agencies) on 7 March 2023 and the Provincial Coordinating Forum on 24 March 2023. Subsequently, the Department EXCO approved the NISED Implementation Report as per the 2022/23 financial year APP target. The approval of the implementation report contributes towards the achievement of increased contribution of SMMEs and Co-operatives in priority sectors medium-term outcome of the Department and revised 2019-24 MTSF priorities to create a conducive environment that enables national priority sectors to support industrialisation and localisation, leading to increased exports, employment, and youth- and women-owned SMMEs and Co-operatives participation.

To amplify the efforts to reduce regulatory burdens on small enterprises, the Department set an annual target to assist 20 municipalities to roll out the Red-Tape Reduction Awareness Programme. A total of 25 municipalities was assisted (14 in Limpopo; six in the North West and five in the Eastern Cape) to roll out the RTRP by 31 March 2023. Another annual target that Enterprise Development was entrusted to deliver was to ensure that the Assessment Review Report of SMME regulatory impediments to reform was approved by EXCO. The Annual Target of an Assessment Review Report of SMME regulatory impediments to reform approved by EXCO has been successfully achieved. During the first two quarters of the 2023/24 financial year, the Department will pursue focused consultations with key stakeholders to assess the veracity of the review, as well as take inputs, comments and feedback.

4.4.5 Linking Performance with Budgets

Sub Programme Name	2022/23			2021/22		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Enterprise Development Management	533	288	245	6 378	5 783	595
Enterprise and Supplier Development	928 037	926 565	1 472	857 223	856 799	424
SMME Competitiveness	47 489	45 519	1 970	10 939	9 386	1 553
TOTAL	976 059	972 371	3 688	874 540	871 968	2 572

Annual expenditure for Programme Four: Enterprise Development amounted to R972.4 million (99.6%) against the final appropriation of R976.1 million, resulting in an under expenditure of R3.7 million (0.4%). Compensation of Employees contributed R3.2 million to the under expenditure due to vacancies.

The main cost drivers for expenditure in the Programme are Transfers and Subsidies at R914.5 million, Goods and Services (R36.3 million, as well as Compensation of Employees at R21.4 million. The drivers of expenditure in Goods and Services are inventory for redistribution to IMEDP beneficiaries (R29.7 million), travel and subsistence (R3.8 million) and consultants (R2 million).

4.4.6 Strategy to Overcome Areas of Underperformance

Not applicable to the Department.

5. TRANSFER PAYMENTS

5.1 Transfer Payments to Public Entities

The DSBD has established quarterly performance reporting procedures to track progress pertaining to expenditure on the funds allocated to public entities. This is augmented by public entities' performance reviews through the structures such as the Governance Forum, which is chaired by the DSBD Director-General.

Name of Public Entity	Key Outputs of the Public Entity	Amount Transferred to the Public Entity R'000	Amount Spent by the Public Entity R'000	Achievements of the Public Entity
Seda.	<ul style="list-style-type: none"> • Business registrations. • Business planning. • Business advice counselling and training. • Facilitation of access to finance. • Facilitation of access to markets. • Co-operatives support. • Business incubation. • Targeted small enterprise training. 	738 751		
Seda.	Technology programme access to technology.	159 445		
Seda.	Capacity-building programme for economic development provision of technical capacity and skills development.	16 171		
Sefa.	Township and Rural Entrepreneurship Fund And COVID-19 – Emergency Fund.	903 325		
Sefa.	Blended Finance.	362 501		

5.2 Transfer Payments to all Organisations other than Public Entities

The table below reflects the transfer payments made for the period 1 April 2022 to 31 March 2023.

Name of Transferee	Type of Organisation	Purpose for which the Funds were Used	Did the Dept. comply with s 38 (1) (j) of the PFMA	Amount Transferred (R'000)	Amount Spent by the Entity	Reasons for the Funds Unspent by the Entity
Bokone Bophirima Craft and Design Institute.	Non-Profit Organisation.	Support crafters.	Yes.	4 650	4650	None.
Cape Craft and Design Institute.	Non-Profit Organisation.	Support crafters.	Yes.	3 963	3 963	None.

Name of Transferee	Type of Organisation	Purpose for which the Funds were Used	Did the Dept. comply with s 38 (1) (j) of the PFMA	Amount Transferred (R'000)	Amount Spent by the Entity	Reasons for the Funds Unspent by the Entity
Eastern Cape Development Corporation.	Provincial Government Agency.	Support crafters.	Yes.	1 182		R313 000 was approved for the establishment of a second Craft Shop in Port Elizabeth and the municipality approved the project at the end of the financial year.
Free State Development Corporation.	Provincial Government Agency.	Support crafters.	Yes.	120	120	None.
Northern Cape Economic Development Agency.	Provincial Government Agency.	Support crafters.	Yes.	1 394	1394	None.

The table below reflects the transfer payments which were budgeted for in the period 1 April 2022 to 31 March 2023, but no transfer payments were made.

Name of Transferee	Purpose for which the Funds were to be Used	Amount Budgeted for (R'000)	Amount Transferred (R'000)	Reasons why Funds were Not Transferred
Northern Cape Economic Development Agency.	Support crafters.	15	15	None.
Eastern Cape Development Corporation.	Support crafters.	268	None.	R268 000 was approved for the establishment of a second Craft Shop in Port Elizabeth and the municipality approved the project at the end of the financial year.
Free State Development Corporation.	Support crafters.	30	30	None.

6. CONDITIONAL GRANTS

Not Applicable

7. DONOR FUNDS

7.1 Donor Funds Received

The “Employment promotion through SMMEs Support Programme” known as the Ecosystem Development for Small Enterprises (EDSE) Programme is funded by the European Union through the Reconstruction Development Programme (RDP) Fund under the NT.

The overall objective of the Programme is to support inclusive and sustainable economic growth and employment creation in South Africa. The specific objectives/outcomes of the Programme are:

1. To improve the competitiveness of SMMEs and their ability to meet procurement requirements of large multinational/local corporations, Government and State-owned enterprises (SOEs).
2. To improve access to finance for SMMEs with limited/no access to finance.
3. To improve the regulatory and administrative environment for SMMEs.

A total of EUR 56.445.800 million has been allocated to the programme of which EUR 41.150 million is allocated to Budget Support and has been allocated to various projects aligned to the Key Result Areas (KRAs) of the Programme, captured in a business plan for the entire implementation period of the Programme, and broken down in annual work plans.

For the 2022/23 financial year, DSBD received funds amounting to **R58,158,197.14** as apportioned on the table below.

The table below details the donor funds received during for the period 1 April 2022 to 31 March 2023.

Donor Fund Cris number ZA/DCI-AFS/039-297: Employment promotion through the SMMEs Support Programme for South Africa, (EDSE).

Name of Donor	European Union
Full Amount of the Funding	Budget Support R697.969.083 (EUR 41.150.000). Technical Assistance EUR 15.295.800 (contracted and paid by the EU directly). Total for programme EUR 56.445.800.
Period of the Commitment	24 July 2017 to 24 October 2024.
Purpose of the Funding	To support inclusive and sustainable economic growth and employment creation through supporting SMMEs.
Expected Outputs	<ol style="list-style-type: none"> 1. To improve the competitiveness of SMMEs and their ability to meet procurement requirements of large multinationals, local corporations, Government, and SOEs. 2. To improve access to finance for SMMEs with limited/no access to finance. 3. To improve the regulatory and administrative environment of SMMEs.

Name of Donor	European Union												
Actual Outputs Achieved	<p>KRA 1: Competitiveness of SMMEs, and their ability to meet procurement requirements of large multinational/local corporations, Government and SOEs improved.</p> <ul style="list-style-type: none"> • 9 x provincial workshops on cluster, national conference participation in Nov 2022 and connection to cluster network and partnerships; cluster pilot being set up. • 4 x 4IR Incubator Hubs supported via Seda with funding for overheads, equipment, specialised training to enable hubs to support SMMEs in technology/4IR space. • Softstart BTI -Botshabelo Hub- Free State – Specialisation in Robotics/AI – 4 x SMMEs to be part of site visit on 4 April. • 4IR Incubator – Mpum – Specialisation in Drones. • SmartXchange – KZN. • LIT hub – Limpopo – still under construction. • Market access for Digital Entrepreneurs “MADE” – 10 workshops and 5 training videos – session held 4IR with SMMEs and demand for more training videos on specific thematic areas. • Township economy/Informal economy knowledge products developed from 5 metro townships with City Support Programme. Policy dialogue on Informal economy held in 2022 to reflect on NIBUS. • ESD Community of Practice (CoP) set up with Government and private sector. • 4 case studies captured; private sector partnerships being concluded. • Support to Lepharo, Chemin and National construction incubators via Seda to support localisation training courses for SMMEs. • Support for SheTradesZA platform launch, training, local and international exchanges of SMMEs registered on the platform via Seda. • Expert support to develop DSBD Gender, youth and PWDs Strategy (Geyodi Strategy). Virtual study tours with Namibia, Ghana and Iceland. • Supporting DEF set-up and implementation by Seda. • Policy dialogues and stakeholder engagements supported. • DALRRD Livestock Information Tracking System. • DALRRDCustomised Laboratory Information Management System. • DALRRD value-chain mapping. • DALRRD training and capacity-building with South African Bureau of Standards (SABS). <p>KRA 2: Access to finance for SMMEs with limited or no access to finance improved.</p> <ul style="list-style-type: none"> • Enterprise Supplier Development Fund, Disbursements done to Financial intermediaries and to SMMEs. • Innovation Fund Contracting completed and guarantees in place. • Youth Challenger Fund approvals and disbursements done to youth-owned businesses. <p>KRA 3: Capacity of relevant government departments/agencies in enhancing regulatory and administrative environment for SMMEs strengthened.</p> <ul style="list-style-type: none"> • Longitudinal Study and Red-Tape Reduction support. • Policy and Legislation Support. • ICT system support. • Webinars, policy dialogues, round tables, stakeholder consultations; and partnerships. 												
Amount Received (R'000)	<p>Total for Programme R58.158</p> <table border="1" data-bbox="368 1756 715 2051"> <thead> <tr> <th>Partner</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Seda</td> <td>15.608</td> </tr> <tr> <td>Sefa</td> <td>-</td> </tr> <tr> <td>DALRRD</td> <td>21.600</td> </tr> <tr> <td>DSBD</td> <td>20.950</td> </tr> <tr> <td>TOTAL</td> <td>58.158</td> </tr> </tbody> </table>	Partner	Amount	Seda	15.608	Sefa	-	DALRRD	21.600	DSBD	20.950	TOTAL	58.158
Partner	Amount												
Seda	15.608												
Sefa	-												
DALRRD	21.600												
DSBD	20.950												
TOTAL	58.158												

Name of Donor	European Union
Amount Spent by the Department (R'000)	27,896
Reasons for the Funds Unspent	Delays in procurement processes. Changes in staffing in implementing partners.
Monitoring Mechanism by the Donor	<p>Monitoring mechanism with log frame and intervention logic aligned to key deliverables, agreed indicators in place.</p> <p>Programme monitoring and reporting tools for budget support.</p> <ul style="list-style-type: none"> • Weekly dashboards reports (including financials). • Monthly financial report.; • Quarterly reports against annual workplans. • Agreed procedural report apart from normal audit reports by all Implementing partners. <p>For complementary of technical assistance.</p> <ul style="list-style-type: none"> • Quarterly and six-monthly reports. <p>Evaluations.</p> <ul style="list-style-type: none"> • Mid-term review (External service provided contracted by EU) Completed February 2022. • Final Programme Evaluation (External service provided contracted by European Union) October 2024. • Project-specific evaluations (captured in the Annual Workplans).

8. CAPITAL INVESTMENT

8.1 Capital Investment, Maintenance and Asset Management Plan

Progress made on implementing the capital, investment and asset management plan

The Department's replacement plan mainly on vehicles that are replaced in line with the Guide for Executives for Ministerial Vehicles and on computer-related assets that are replaced after three or four years, or after the warranty period has lapsed, or are damaged beyond repair, resources permitting. Furniture and office equipment are purchased in line with the submitted demand plan from Corporate Management.

Infrastructure projects which have been completed in the current year and the progress in comparison to what was planned at the beginning of the year. Provide reasons for material variances (2% variance).

Two infrastructure projects were completed during the year under review, and four were in progress, the variances are that the four projects could not be finalised due to construction challenges and delays by suppliers. In the future, a Quantity Surveyor and a Professional Architect are due to join the Department during Q1 of the 2023/24 financial year to assist with the achievement of these infrastructure milestones.

Infrastructure projects that are currently in progress (list projects) and when are they expected to be completed; plans to close down or downgrade any current facilities

DSBD does not own any facilities, we currently continue to utilise the allocated State residences and offices in Cape Town and Gauteng. Both private leases will be extended till 31 October 2024.

Progress made on the maintenance of infrastructure

The Department currently manages five State residences in Gauteng and the Western Cape, and two State-owned office buildings at Parliament and Parliament Towers. All these are maintained by DPWI prestige. DSBD also leases two buildings: one through the dtic's Public Private Partnerships (PPP) which is serviced by Broll Facilities Management, and one is leased through a Department

of Public Works and Infrastructure (DPWI) lease which is maintained by the landlord. No maintenance costs have been incurred by the Department on maintenance costs however provides related equipment, appliances and services that are excluded.

Developments relating to the above that are expected to impact on the Department's current expenditure

Not applicable

Details as to how asset holdings have changed over the period under review, including information on disposals, scrapping and loss due to theft

The asset holding has changed over the period under review: The DSBD closed the year with 1 334 worth R27 076 843.84 million comprising 950 capital assets worth R25.9million, and 487 minor assets worth R1.184 million. There are currently 22 assets worth R188 thousand under investigation.

Measures taken to ensure that the Department's asset register remained up to date during the period under review

Assets were recorded and barcoded on receipt and an inventory list issued to the official who signs and acknowledges receipt thereof.

Monthly asset reconciliations were compiled and approved and complemented by quarterly physical asset verifications were performed and unaccounted for asset were included in the losses and damages register and submitted to Security Management for investigations and Legal Services to determine liability.

The current state of the Department's capital assets, for example what percentage is in good, fair or bad condition

For the period under review, the state of both major and minor assets **1 438** is as follows:

- Good: 1 382: (96.2%)
- Fair: 32: (2.2%)
- Poor: 1: (0.1%).
- Damaged: 1: (0.1%)
- Lost: 21: (1.5%)

Major maintenance projects that have been undertaken during the period under review

Not applicable.

Progress made in addressing the maintenance backlog during the period under review, for example, has the backlog grown or become smaller? Is the rate of progress according to plan? If not why not, and what measures were taken to keep on track

Not applicable, DSBD leases the office spaces through the DPWI process and sublets Ministry space from **the dtic** and both landlords are responsible for maintenance.

	2022/23			2021/22		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Infrastructure Projects						
New and replacement assets	9 660	6 949	2 711	4 476	3 238	1 238
TOTAL	9 660	6 949	2 711	4 476	3 238	1 238

GOVERNANCE

PART C



1. INTRODUCTION

The Department continued demonstrating its commitment towards the maintenance of the highest standards of governance in managing limited public finances and resources that the Department was entrusted with during the 2022/23 financial year. In demonstrating this commitment, the Department has put governance structures in place to ensure good governance and effective, efficient and economical use of state resources in the following areas: Risk Management, Anti-Fraud and Corruption, Minimising Conflicts of Interest, Code of Conduct, Health, Safety and Environmental issues, Portfolio Committee, Audit and Risk Committee (ARC), and B-BBEE Compliance Performance Information.

2. RISK MANAGEMENT

The Department has an approved Risk Management Policy and Strategy. The Risk and Ethics Management Charter, and Risk and Ethics Management Implementation Plan have been reviewed and approved. During the year under review, the Department conducted regular risk assessments to determine the effectiveness of its risk management strategy and to identify new and emerging risks through regular engagements with risk owners, as well as through quarterly reports and management structures such as the Management Committee (MANCO) and EXCO.

The Department has established both the Risk and Ethics Management Committee (REMC), and the ARC. The REMC continued to provide instructive advice on risk and ethics management related matters. The ARC assessed the effectiveness of risk management processes and programmes throughout the organisation. The ARC also provided advice on risk and ethics management-related matters.

3. FRAUD AND CORRUPTION

The Department has reviewed and approved the Fraud Prevention, Anti-Corruption and Whistle Blowing Implementation Plan. The Department also has approved Whistle Blowing Policy, which outlines all internal and external fraud and corruption reporting mechanisms. The Department promotes a zero tolerance to fraud and corruption and encourages citizens to report any fraudulent activities relating to the Department to the Public Service Commission through the National Anti-corruption Hotline (0800 701 701).

The Risk and Ethics Management conducts the awareness on the departmental website to assist the public on the process to follow when there are any fraudulent activities. The fraud risk assessment was conducted in 2022/23 financial year and fraud profile was developed and approved by the Director-General of the Department.

4. MINIMISING CONFLICT OF INTEREST

From the SCM perspective, conflict of interest is managed through cross-checking of Directors of companies on the Companies and Intellectual Property Commission (CIPC) and DPSA's personnel verification portal; and where conflicts are identified, the relevant companies are disqualified from the process. The companies that are identified to have conflict of interest are advised to respond to the alleged conflict and to provide proof where the Director has obtained approval to do business with Government as an example, failing which the company is disqualified.

5. CODE OF CONDUCT

The Code of Conduct for Public Servants, as prescribed in Chapter 2 of the Public Service Regulations of 2016, acts as a guideline to employees about the ethical expectations in their individual conduct and relationships with others. Adherence to the Code of Conduct was instilled through training, and all new officials were required to acknowledge receipt of a copy of the Code of Conduct to ensure compliance.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Department recognises that the health and well-being of employees directly impacts productivity and therefore, health, safety and environmental issues are managed through the Health and Safety Committee. All members of the Committee were appointed in terms of the Occupational Health and Safety Act (1993), and were suitably trained.

7. PARLIAMENTARY COMMITTEES

During the year under review, the Department, together with its entities, **sefa** and Seda, met with the Portfolio Committee on Small Business Development and the Select Committee on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour.

7.1. PORTFOLIO COMMITTEE

Date	Agenda
19 April 2022	<ul style="list-style-type: none"> • Consideration and adoption of the 2022 Committee Quarter Two Programme. • Briefing on progress on finalising the structure and the organogram of the DSBD by the DPSA. • Briefing on the 2021/22 Annual Performance and Audit Outcomes of the DSBD by the DPME. • Briefing on the 2022/23 Strategic, Annual Performance and Budget Plans by Seda.
20 April 2022	<ul style="list-style-type: none"> • Briefings on 2022/23 Strategic, Annual Performance and Budget Plans by sefa.
29 April 2022	<ul style="list-style-type: none"> • Briefing on 2022/23 Strategic Plan, APP & Budget Plans of the DSBD.
4 May 2022	<ul style="list-style-type: none"> • Consideration and adoption of minutes. • Consideration and adoption 2022/23 Budget Vote Report.
10 May 2022	<ul style="list-style-type: none"> • Budget Vote 36 Debate (DSBD).
11 May 2022	<ul style="list-style-type: none"> • Consideration and adoption of minutes. • Briefing on 2021/22 Quarter Four Performance Reports of the DSBD, sefa and Seda.
24 August 2022	<ul style="list-style-type: none"> • Consideration and adoption of 2022 Third Term Committee Programme. • Consideration and adoption of Committee Minutes. • Productive Credit and Economic Growth: The Role of the Banking, Credit Providers and DFI Sector in Granting Access to Credit. • Briefing on the DSBD Organisational Structure by DPSA.
31 August 2022	<ul style="list-style-type: none"> • Consideration and adoption of Committee Minutes. • Presentations by sefa and Seda Provincial Heads: Key Issues for consideration by the Portfolio Committee.
21 September 2022	<ul style="list-style-type: none"> • Consideration and adoption of Committee Minutes. • Briefing by the DSBD and its agencies on their 2022/23 Quarter One Performance.
11 October 2022	<ul style="list-style-type: none"> • Consideration and adoption of 2022 Fourth Term Committee Programme. • Consideration and adoption of Committee Minutes. • Briefing by AGSA on the 2021/22 performance of the DSBD and Seda. • Briefing by SizweNtsalubaGobodo Auditors on the 2021/22 performance of sefa.
12 October 2022	<ul style="list-style-type: none"> • Consideration and adoption of Committee Minutes. • Briefings on the 2021/22 Annual Performance of the DSBD and agencies in preparation for Budget Review & Recommendations Report (BRRR).
19 October 2022	<ul style="list-style-type: none"> • Consideration and adoption of Committee Minutes. • Consideration and adoption of 2022 BRRR. • Consideration and adoption of the petition report against Telkom/Openserve.
26 October 2022	<ul style="list-style-type: none"> • Briefing by the Banking Association of South Africa. • Briefing by NT – Government plans to develop capital markets for SMMEs. • Consideration and adoption of Committee Minutes.
9 November 2022	<ul style="list-style-type: none"> • Briefing by Pick 'n Pay – Customised Enterprise and Supplier Development Solutions. • Consideration and adoption of Committee Minutes.
16 November 2022	<ul style="list-style-type: none"> • Customised Enterprise and Supplier Development Solutions: Red-Tape Reduction Task Team in the Presidency. • Consideration and adoption of Committee Minutes.
23 November 2022	<ul style="list-style-type: none"> • Small enterprise stakeholder engagement session: Non-compliance of Government departments on 30 days' payment of invoices. Impact on small enterprises. • Consideration and adoption of Committee Minutes.

Date	Agenda
30 November 2022	<ul style="list-style-type: none"> Briefing by the DSBD and its agencies on their 2022/23 Quarter Two Performance Reports. Consideration and adoption of Committee Minutes.
1 March 2023	<ul style="list-style-type: none"> Consideration and adoption of Committee Minutes. Briefing by the Constitutional and Legal Service Office (CLSO) - Legislative Drafting Unit on the proposed Committee Bill (Small Enterprise Commission/Ombudsman). Briefing by the DSBD on the implementation of the BRRR recommendations (2022).
8 March 2023	<ul style="list-style-type: none"> Consideration and Adoption of Committee Minutes. Briefing by the DSBD on the implementation of the Co-operatives Act as amended and Regulations as well as update concerning ongoing discussions with the sector representative towards the creation of an Apex organisation.
15 March 2023	<ul style="list-style-type: none"> Consideration and adoption of Committee Minutes. Presentation by the DSBD: consolidated submission to the Red Tape Unit (Presidency).
22 March 2023	<ul style="list-style-type: none"> Consideration and Adoption of Committee Minutes. Briefing on 2022/23 Quarter Three Performance Reports by the DSBD, sefa and Seda.

Matters Raised by the Portfolio Committee and How has the Department Addressed these Matters:

No.	Matters raised by the portfolio committee	Department's response
1.	<p>The Committee welcomes overall performance of the Portfolio. Achieving a clean audit opinion was certainly the highlight for the Department. Whereas sefa and Seda maintained clean and unqualified audit opinions respectively. Improved spending is evident across the entire Portfolio. However, there is scope for improvement from Seda's audit opinion which has transgressed over the past two financial years, the Department's sliding performance to 60% achievement of its annual targets from a high of 85% during the previous financial year to sefa's rising impairments to R1 billion from R800 million in 2021. These require increased scrutiny.</p>	<p>Seda has implemented a reporting system to improve data integrity and reporting. Supporting guidelines have been developed to provide employees with a standardised approach on how to report client achievements. These initiatives were implemented to mitigate the reoccurrence of the same findings that were noted during the audit of the 2021-22 financial year.</p> <p>sefa initiatives to curb impairments:</p> <ol style="list-style-type: none"> 1. Post Investment Monitoring (PIM) is currently capacitated and resourced with competent skilled personnel. This will facilitate site visits and the monitoring of large exposure clients. 2. Embarked on an action plan of issuing breach letters to all clients in default and consequent listing of such client if payment is not made. 3. sefa Heads of Department (HODs) have been allocated to respective regions to work with both the Regional Manager and the Post Investment Official in the region. This is expected to enhance collections in the coming months. 4. The Collections Hub has been capacitated with six new employees having started on 1 December 2022. The Hub's main focus is to intensify collections on TREP and COVID-19 relief loans. 5. During January 2023, mentors were given five TREP assignments each to focus on collections and assistance to clients. 6. Systems have been upgraded and implemented to allow for greater automation and the ability to respond to more clients. The Early Warning System will be introduced by the end of Q4 of 2023/24 financial year. 7. Drastic campaign targeting TREP and COVID-19 relief clients. Issuing breach letters to ensure adherence to loan agreements, coupled with the successive listing of clients and sureties that remain in breach. All clients who cancelled or returned debit orders are being issued with breach letters and will be listed if they remain in breach. The full implementation of the collection system (Sword Fish).

No.	Matters raised by the portfolio committee	Department's response
		<p>The DSBD noted and welcomed the Committee statement on the departmental clean audit opinion for the 2021/22 financial year. The Department received its maiden Unqualified Audit Opinion with no findings popularly referred to as clean audit opinion, that both the submitted Annual Financial Statements and performance information were free from material misstatements. However, the Department's sliding performance from 85% during the 2020/21 financial year to 60% during the 2021/22 financial year was due to the following issues:</p> <ol style="list-style-type: none"> 1. The 60% achievement is made up of only targets that have been 100% achieved, excluding those that may be partially achieved, which could have increased the overall percentage for the financial year under review. But as the Department, in order to push ourselves to deliver the best that we can to the SMMEs and Co-operatives, we took a conscious decision to do away with this practice and focus on targets that have been fully achieved when reporting our performance. 2. The Departmental 60% achievement was based on the 25 annual targets set out in the 2021/22 APP, of which 15 (60%) were achieved and 10 (40%) were not. During the current financial year, we have further initiated various strategies and close monitoring of targets through catch-up plans to ensure that the performance at the end of the financial year is improved from last year's one. <p>During the current (2022/23) financial year, the Department is doing its best to improve its performance. To date, the Department paid valid creditors within 30 days; finalised the organisational structure and the filling of vacancies is being prioritised; embarked on massive marketing drive to target SheTradesZA beneficiaries; the SMMEs and Co-operatives Funding Policy approval process is being fast tracked, working with the Ministry, to ensure alignment on priorities and context as per the Policy objectives; the review and simplification of the TREP application procedure has resulted in increased uptake of TREP support; the Department supported Co-operatives in collaboration with other stakeholders. There are legislative amendments being undertaken to enable the merger of entities incorporated into the National Small Enterprise Bill and also ensure compliance to legislative processes to introduce the Bill to Parliament through parliamentary processes. The Revised Schedule to the National Small Enterprise Act (1996) is being amended and updated to ensure compliance with the definition in the Act.</p>

No.	Matters raised by the portfolio committee	Department's response
2.	<p>The Committee notes that the Department has been unable to refer the National Small Enterprise Amendment Bill to Parliament as pledged in its consecutive APPs. The Department reported that this was due to pending incorporation of sefa and the CBDA into Seda – and for that reason, Cabinet has approved a 20-month extension to give the Department some leeway to include a chapter on the merger.</p>	<p>The draft Business and Operating Model was finalised, as was the draft legislation that amends the National Small Enterprise Act (1996). These have now been integrated into a Business Case that was finalised in December 2022. The draft business case and the draft amendment Bill were submitted to the DPSA and the NT on 6 December 2022, for concurrence and approval. The approval will pave the way for the DPME and OCSLA for certification. The written concurrence by these two departments is necessary for the process to move forward, as stipulated in the handbook that governs the establishment/merger of SOEs, and the delay is due to their inaction but Ministry is following up.</p>
3.	<p>The Committee is fully aware that the Department's attainment of its objectives is dependent on successful completion of the National Small Enterprise Amendment Bill. These include but are not limited to the merger which must be supported by an act of Parliament, the creation of statutory entities such as the Small Enterprise Ombuds Office and Small Business Advisory Council, and definition of the term 'small enterprise'. In terms of the estimation or timeline provided by the Department recently, it is inferred that the bill will be tabled to Parliament on or before December 2023.</p>	<p>Chapter 2 of the National Small Enterprise Act, (1996) as amended, provides for establishment of the Advisory Body. The Department has held internal consultations on the establishment of the aforementioned and consensus was reached that the Advisory Body would need to be established as soon as possible. The Department is currently preparing a proposal for remuneration of members of the Advisory Body for consideration by NT as per the Remuneration Framework for members of statutory bodies. Following inputs and recommendation by NT, the Department will submit for the EA's approval before submission to the Minister of Finance. It is envisaged that the entire process, including public consultations and publication in the Gazette, will be finalised by the end of Q2 of the 2023/24 financial year.</p> <p>The amendment of the National Small Enterprise Act (1996) also includes the insertion that provides for the establishment of the Ombuds Service. The Business Case for the Ombud has been finalised and SEIAS certification finalised. The updated Bill with provisions for the merger was submitted to OCSLA on 19 January 2023 for provisional consideration.</p> <p>The Department investigated the possibility of splitting the submission of the National Small Enterprise Act (1996) and the establishment of the Ombuds Service but legal advice suggested that this will bring about unplanned procedural issue that would lead to further delays.</p> <p>Also refer to 6.2.</p>

No.	Matters raised by the portfolio committee	Department's response
4.	<p>The Committee further notes that the Business Amendment Bill to replace the Business Act (1991) has still not been brought before Parliament notwithstanding numerous assurances by the Department to table the draft bill once all executive processes are exhausted. The Committee is not optimistic that this bill will soon be finalised because in the APP (2022/23) presented to Parliament, it was intimated that the bill might only be referred to Parliament in 2025.</p>	<p>The Portfolio Committee has, since the establishment of the DSBD, called for the Amendment or repealing of the Businesses Act (1991). Unfortunately, this legislation was not assigned to the Department alongside the National Small Enterprise Act (1996) and the Co-operatives Act (2005) when the Department was established in 2014. This has invariably prevented the Department from initiating the amendment or repeal of the Businesses Act (1991).</p> <p>The DSBD has subsequently requested and successfully transferred the Businesses Act (1991) from the dtic to the DSBD in the 2020/21 financial year as per the Presidential Proclamation of 20 October 2020. The 2021/22 financial year has been used to initiate the initial review of the Act, as well as the dtic 2013 Business Licensing Bill. In the 2022/23 financial year the Department included in its APP the indicator: "number of progress reports on the review of the Businesses Amendment Bill and proposed changes approved by EXCO" for 2022/23. During SONA 2022, the President did articulate that the Businesses Amendment Bill will be reviewed during the 2022/23 financial year and the Department is still on track and aims to submit this Bill to Cabinet for consideration in March 2023.</p>
5.	<p>The Committee has noted the increase in the number of complaints of unfair business practice referred to it by the sector including the petition currently before it. During the fifth Parliament, the Committee conducted intense engagements with the sector in order to understand small business concerns to ascertain possible policy, legal and regulatory mechanisms that Parliament could put in place. The Committee had then made a recommendation to the Department to establish an Ombuds office within a period of 24 months. It has now been five years since that recommendation was first made.</p>	<p>The Bill that seeks to establish the Office of the Ombuds Service was certified by OCSLA early in 2022 and with SEIAS certificate issued. However, due to the process of merger of entities, it became apparent that these processes could not run parallel since the DSBD cannot submit two separate Bills, amending the same Act – i.e. the Ombud Service Bill and the Entities Merger Bill.</p> <p>Sections 6.2 and 6.3 further expands on this matter.</p>

No.	Matters raised by the portfolio committee	Department's response
6.	<p>The Committee notes the Minister's acknowledgement that "SMME credit gap in South Africa is in excess of R350 billion, with start-ups and micro businesses being the most underserved". The Committee welcomes the proposed cocktail of interventions such as de-risking of lending space to SMMEs through credit guarantees, rethinking forms of collateral, and improving credit information systems that currently disadvantage underserved communities. The Committee is hopeful that these proposed measures will be contained in the SMMEs and Co-operatives Funding policy soon to be finalised by the Department.</p>	<p>The SMMEs and Co-operatives Funding Policy was tabled to the Directors-General Economic Sectors, Investment Employment, Infrastructure and Development (ESIEID Cluster on 12 December 2022 as part of the process in preparation for Cabinet tabling early in 2023.</p> <p>To effectively implement the SMMEs and Co-operatives Funding Policy, the proposals to be enclosed in the final Policy will be translated into an implementation plan which will outline the steps that need to be taken to achieve the Policy objectives and provide tools to track progress and measure the impact of the Policy. It is expected that all role players will be consulted and come on board and actively participate in the process of setting high level outcomes, outputs and associated impact indicators to be used in tracking the implementation of the SMMEs and Co-operatives Funding Policy.</p>
7.	<p>Pursuant to 6.6 above, the Committee observed with great concern that not even a single Co-operative benefited from sefa funding during 01 April 2021 to 31 March 2022. The Committee rejects the Department's assertion that "sefa's balance sheet is limited and cannot afford to offer 100% grants to SMMEs and Co-operatives". If the Department and sefa are able to diagnose the source of the challenge being that "the Blended Finance system that is used to fund the Co-operatives makes it difficult for many Co-operatives to qualify and have access to the funds available to them (due to the fact that through Blended Finance, Co-operatives have to have a positive/healthy credit score)", then the onus is on the Department and sefa to devise mechanisms or mitigating strategy to deal with imbalance. During the Department's tabling of its APP 2022/23, the Committee expressed its displeasure and cautioned against phasing out of grants and incentives in favour of concessional loans, Blended Financing, income-contingent repayments, instalment relief and/or payment holidays to name the few. While these interventions are welcome for going-concern enterprises that are able to produce, among others, management accounts, financial statements, collateral etc, it was premature for the Department to extend this blanket policy to Co-operatives.</p>	<p>The DSBD has decided to redesign the Programme to increase the grant component (it is 90% grant and 10% own contribution) for Co-operatives. Given the difficult economic conditions under which SMMEs and Co-operatives operate, there are additional considerations which will be communicated once the review of Co-operatives support has been finalised. The redesign is aimed at revised proposals that seek to address matters pertaining to take up of financial products designed for Co-operatives including the related business development support services. It is envisaged that these proposals will remedy the issues related to Co-operatives funding and other need areas related to their support.</p> <p>The proposals have been approved are at the approval stages within the DSBD and are awaiting concurrence from the National Treasury. The redesigned programme will should be ready for implementation once approved.</p> <p>During the 2021/22 financial year, sefa approved R3,9m and disbursed R3,8m towards 13 Co-operatives against a budget of R68.6m. The under-performance relates to capacity challenges within the Co-operatives unit. sefa has since capacitated the unit and the remaining budget was rolled over to 2022/23 financial year. In the current year, sefa has as at quarter 2 of the 2022/23 financial year, approved R8.9m, disbursed R11.3 million towards four co-operatives. A pipeline of R17.7 million to Co-operatives is yet to be approved in the 2022/23 financial year. The collaboration between sefa and Seda started to show significant results and improvements. Most of the Co-operatives in the pipeline are as a result of the integration.</p>

No.	Matters raised by the portfolio committee	Department's response
8.	<p>The Committee is noting disjointed working relationship between Seda and sefa in as far as handling of applications for funding are concerned. Difficulty in achieving seamless and collaborative rapport between the two agencies is showing beyond doubt the urgency and necessity to combine the two entities. The Committee further took note of sefa Chief Executive Officer's remarks that it may not be in the best interest of sefa to merge with Seda and CBDA. The Committee will follow up to ascertain how best this merger could be accomplished without compromising service delivery.</p>	<p>The merger of the three entities (Seda, sefa and the CBDA) is meant to bring a consolidation of support for small businesses and Co-operatives, as well as to grow the township and rural communities. The proposed merged entity will serve all SMMEs and Co-operatives, as defined in the National Small Enterprise Act (1996) and be responsible for the support of small enterprises (SMMEs and Co-operatives) across all sectors, informal and formal, across the full life cycle, across the country, by providing both financial and non-financial support as well as initiatives to support the broader ecosystem (for instance the development and management of a small enterprise portal and case management system).</p> <p>This view is supported by sefa in that it believes that the consolidation of three entities into one merged entity will streamline services, consolidate budgets, create more efficiency and greater impact to the targeted groups (SMMEs and Co-operatives). The integration of the CBDA into the new entity provides a platform that promotes financial services sector, and promotes financial inclusion especially for women, youth, and PWDs, as well as entrepreneurs located in townships and rural communities.</p> <p>The two entities (Seda and sefa) are already collaborating on various programmes including the Youth Challenge Fund where pre-funding application are handled by Seda; as well as TREP. The entities are also working together on training of SMME Relief clients of sefa. There is a task team comprising executives that has been established to ensure a seamless flow of work between the two entities. The next step is to ensure integration of systems to allow for better workflow. Some preparatory work is underway to facilitate the merger of Seda and sefa, especially in the Finance and IT space. Engagements were held between sefa and Seda to deliberate on the plans for the merging of business processes between the two entities. Engagements are ongoing.</p>

No.	Matters raised by the portfolio committee	Department's response
9.	<p>In the previous BRRR (2019) and Legacy Report, the Committee noted that the Department lacks appreciation of the role that Stokvels, Village banks and Co-operative Banking Institutions (CBIs) play in bridging funding gaps for informal traders, Co-operative enterprises and entities operating in far-flung areas in particular. In its Wholesale Lending Facility, sefa provides funding to financial intermediaries only regulated by the National Credit Regulator (NCR). However, the agency has not investigated nor attempted to bring to the fold the Co-operative Banking Institutions registered, licensed and regulated by the Co-operative Banks Development Agency, Companies and Intellectual Property Commission, Prudential Authority and Financial Sector Conduct Authority (agencies of the South African Reserve Bank) and Financial Intelligence Centre to mention the few. Collective oversight by these agencies implies a vastly improved governance and risk-based approach to managing public funds. During the fifth Parliament, the Committee had detected that some of the intermediaries sefa worked with, either went under, applied for voluntary liquidation or their debts were written off while they still owed sefa millions e.g. Marang Financial Services, Retmil Financial Services and Super Grand to mention but a few.</p>	<p>sefa is actively developing a differentiated strategy for well-established Micro-Finance Intermediaries (MFIs), emerging MFIs and Co-operatives separately.</p>

No.	Matters raised by the portfolio committee	Department's response
10.	<p>The Committee has taken note that when the Department and agencies report performance highlights in respect of Co-operatives and informal traders, they tend to represent or aggregate beneficiaries under one umbrella of SMMEs. Such a reporting methodology conceals the narrow and askew distribution of resources amongst SMMEs; mostly private businesses registered in terms of the Companies and Close Corporation Act(s), social enterprises registered in terms of the Co-operatives Act and informal traders registered in terms of the municipal by-laws. Also, provincial aggregation instead of regions or District Municipalities does not provide a clear picture of how resources are spread equitably across the regions.</p>	<p>The DSBD, Seda and sefa have different programmes aimed at supporting Co-operatives and informal traders and thus report on the programmes' performance separately, e.g. the CDSP and the IMEDP. It is important to note that some programmes such as TREP cater for all types of small enterprises operating in townships and rural areas. This to ensure there is more financial and non-financial support available to different types of SMMEs. The DSBD, Seda, and sefa will consider configuring performance report in a way that will show entities supported per district.</p> <p>The Department has not made the possession of a Business License or Trading Permit a requirement for funding and participation in any of its support programmes as there are many municipalities who do not provide licenses and permits and making this a requirement would create an entry barrier to government support programmes. The bulk of the support to informal traders is through the IMEDP and TREP, therefore statistics on the support to informal traders are provided through these reports.</p> <p>The Seda Finance report which is incorporated into quarterly performance report presented to the Portfolio Committee, provides a breakdown of the allocation costs per province. Seda will continue to provide the number of Co-operatives assisted in its quarterly reports as well as details.</p> <p>The Committee's comment is noted and in the 2023/24 quarterly reports, both Seda and sefa shall disaggregate the number of SMMEs supported in respect of private businesses and the Co-operatives.</p>

No.	Matters raised by the portfolio committee	Department's response
11.	<p>The Committee has noted that not only are Co-operatives hindered from benefiting adequately from the Portfolio programmes, but informal traders are also casualties. For instance, Seda struggled to meet its projected target on the support to Spaza shops and general dealers; an area where as a country we are performing dismally. The agency attributes this shortcoming to numerous challenges such as “failure to convert informal Spaza shops to formal traders as these are mostly owned by foreigners”. This is a grave indictment and indication that our policy as a country is not responsive. This development is not only common to spaza shops and general dealers, there is a complete takeover and deliberate displacement of informal traders i.e. clothing and retail, saloons and cell phone shops with persons who ordinarily (and in terms of South African laws) are not eligible to conduct those types of businesses.</p>	<ol style="list-style-type: none"> 1. The DSBD, Seda and sefa will revise the qualifying criteria for the current support programmes to ensure that the interventions are easily accessible by Co-operatives and informal businesses. These changes will have implications for the Department's policy on formalisation. Considering the implications of formalisation, the SBD Portfolio will devise new means of encouraging formalisation. 2. The review of the Businesses Act (1991) has been undertaken and draft amendments developed. Consultations with Provinces and municipalities have been embarked on. 3. It is envisaged that a draft Bill will be ready for Cabinet's consideration for approval for gazetting for public comment by March 2023. We plan to have at least 90 days of public consultations and following their processing, submit the Bill to Cabinet to approve its introduction to Parliament by the end of quarter two of the 2023/2024 period.
12.	<p>Members of the Committee have over time expressed misgivings at the rate at which Committee resolutions and recommendations in general are being executed by the Department. For instance, the Committee resolutions in the legacy report carried over from the fifth Parliament are far from being completed. The Sixth Administration is effectively left with less than 18 months to conclude its term. During the Legacy Report deliberations by members of the fifth Parliament, they had been confronted with a delicate question of whether the Department should continue to exist. The Committee had then concluded that “the Department must continue to exist. Empirical evidence suggests that no economy can exist without the small enterprise sector. The NDP situates more accountability on the sector to create 11 million jobs which is a further indication that the challenge of tackling unemployment will come from a vibrant small enterprise sector. Based on the Committee experience, the establishment of the Department was absolutely necessary, and it must therefore remain in order to fulfil what it had intended to accomplish”. It is therefore not unanticipated that members of the Committee during the sixth Parliament, considering the degree to which the Department is falling short of implementing resolutions contained in various Committee reports, would be faced with a similar conundrum.</p>	<p>The Department notes the observation and will continue to execute the critical mandate it was given through the revised MTSF, ERRP and Minister's performance agreement.</p>

No.	Matters raised by the portfolio committee	Department's response
13.	<p>The Committee has long noted and flagged red tape as an area of interest as it believes it is one of the biggest constraints on economic opportunity, business investment and job creation. At the start of its term, the Committee had sought to dissect and analyse common bottlenecks bedevilling the small enterprise sector from realising its full potential. The Committee had then re-examined all previous government initiatives aimed at eliminating red tape e.g. Regulatory Impact Assessment, Socio Economic Impact Assessment System, Guidelines for Reducing Municipal Red Tape and the National Red Tape Reduction (“RTR”) Strategy developed by the Department. None of these interventions seems to have yielded any positive responses considering the rate at which small enterprises are disappearing due to red tape.</p>	<p>The DSBD Red Tape Programme has been carefully thought through, given our budgetary constraints, as well as a serious lack of dedicated capacity to address red tape challenges.</p> <ol style="list-style-type: none"> 1. At a Local Level we focus on Red Tape Awareness to municipalities, as they are at the “coalface” of servicing our communities and small businesses and administer the laws of our land at a Local Government Level, with often poor administrative systems, skills deficits, resource constraints, high levels of corruption and agency, as well as inadequate performance management systems and consequence management. These areas encapsulated in the guidelines were adopted on 12 June 2013. Under these circumstances, the introduction of ICT-based tools that aid management of performance cycles is critical, hence the pursuit of a Municipal Red Tape Dashboard that the Department is working on to pilot in a few of the District Municipalities before rolling it out across the country. The key Red Tape issues addressed from the guidelines, include amongst others: <ol style="list-style-type: none"> a. Effectiveness of complaints notification systems - process from registration to resolution. b. Municipal building plan approval processes and land development and zoning (SPLUMA) process requiring approvals. c. Lengthy and inefficient SCM processes, which ultimately affects the 30-day payment system as well as targeted procurement spend on SMMEs and Co-operatives – a process requiring contracting, verification of services provided, through to payment and closure. d. Municipal business registration, licenses and permits – a process requiring application through to approval thereof. e. Communication of relevant business information by municipalities to small businesses with particular reference to tender opportunities regarding the 30% directive that needs to be implemented in municipalities towards the upliftment of the SMMEs and Co-operatives. f. Development and enforcement of municipal by-laws that promote business development. g. Better management of Informal Trading – Shared Infrastructure that promotes informal economic activity/dedicated trading zones for different categories/sectors of informal/crafts markets and the hospitality industry.

No.	Matters raised by the portfolio committee	Department's response
		<ol style="list-style-type: none"> 2. At the Provincial Level, we focus on creating a “community of practise”, through the Inter Provincial Task Team on Red Tape Reduction, that assists Provincial authorities (LED, Enterprise Development and Business Regulations Units), better support local municipalities in their efforts at reducing red tape and creating a business enabling environment conducive to local and regional economic development. 3. At the National Level, we are busy with amendments to the Business Amendment Bill and the National Small Enterprise Act that will empower us to transact in a more pro-business and entrepreneurial manner with our small businesses. 4. Finally, with our Rapid Assessment of Regulatory Impediments, we aim to: <ol style="list-style-type: none"> a. Developing a more specific and intentional agenda for regulatory SMME reform through engagement with representatives from small enterprises and public officials. b. Clarify the approach to be followed in addressing both existing regulatory burdens and preventing additional ones from arising through new laws/ regulations/by-laws. c. Work with other government departments/ agencies that are already trying to impact positively on the regulatory environment through various collaborative instruments (MoUs/MOAs) in order to improve the business enabling environment in South Africa. d. Advocating for a differentiated strategy to developing legislation, administering regulations and a continuum-based approach to compliance requirements inherent in ALL legislation (i.e. strengthen our influence on –SEIAS. One size does not fit all. e. Work closely with the Red Tape Champion and his team in the Presidency to further contribute to the commitment that was made in the SONA by our Honourable President.

No.	Matters raised by the portfolio committee	Department's response
14.	<p>The Committee welcomes the Department's approach to the District Development Model (DDM) and the use of co-locations to expand the Portfolio footprints. It, however, observes that Parliamentary Constituency Offices (PCO) with members of Parliament in excess of 400, plus provincial legislatures, have not been utilised strategically to promote government-wide programmes.</p>	<p>The DSBD is currently strengthening its DDM deployments and allocations and will take the suggested additional resources into consideration as part of this process. The proposal will be tabled in the Inter-departmental Committee on DDM that is chaired by CoGTA for deliberations.</p> <p>The proposal to utilise Constituency Offices, branch satellites, co-location points, pop-up facilities and any relevant facilities available in outlying municipalities beyond the reach of either sefa or Seda will be considered. sefa has started a process of rolling out satellite offices in collaboration with Seda where the plan is to co-locate to limit costs. Furthermore, sefa and Seda are working together to share the Seda Touchpoints as a cost-effective approach to extend to footprint and accessibility of sefa service. The option of utilising specific days in the week or targeted days during each month offers a possible approach.</p> <p>These proposals will be further explored alongside the emerging DEF Model of the Portfolio within DDM. Members of Parliament have a clear role to play in these proposals as suggested.</p>
15.	<p>The Committee has noted Seda's outcome of an unqualified audit with findings on the reporting on predetermined objectives. According to the Auditor-General the audit outcome has regressed to an adverse opinion with findings due to the extent to which the majority of performance indicators were not measurable and reliable. According to the Auditor-General, there was no good planning, in-year performance management, and monitoring and reporting; the management did not adequately exercise oversight responsibility regarding performance reporting as well as related internal controls.</p>	<p>The overall Seda audit outcome was labelled as "Unqualified Audit Opinion". There were adverse findings on the Performance Information and not on the overall audit.</p> <p>Seda reviewed its Standard Operating Procedures (SOP) which were highlighted as inadequate. Moreover, an APP aligned guideline was developed to indicate how achievement should be reported consistently across various provinces.</p> <p>The implemented reporting system maintains a trail of evidence which indicates who reviewed and approved the reported performance information.</p>
16.	<p>As noted earlier that the National Small Enterprise Amendment Bill might only be referred to Parliament in 2023, and considering the period that has elapsed since this bill has been on the drafting phase, the Committee is of the view that a staggered approach to the development of the bill should be considered. The precedent was set by the dtic when it successively amended the National Small Business Act (1996) in 2003 and 2004. The Department must endeavour to review its timelines. The third quarterly report (2022/23) should consist of implementation framework on how it plans to meet these milestones bit by bit.</p>	<p>The National Small Enterprise Amendment Bill was submitted together with the Business Case, that seek to incorporate CBDA and sefa into Seda in December 2022, to both NT and the DPSA for concurrence and approval in December 2022. The Bill was delayed so that it can incorporate the merger of small enterprise entities, Seda, sefa and the CBDA into a small new enterprise development agency.</p>

No.	Matters raised by the portfolio committee	Department's response
17.	<p>The Committee is of the view that in light of a variety of challenges besetting the sector, and hundreds of complaints from small business owners before the Committee, a segmented approach should indeed be given primacy. The Committee herewith recommends to the Department to consider the following propositions for implementation on or before 31 March 2023 – that the Small Enterprise Ombudsman Services Bill announced by the Former Minister Khumbudzo Ntshavheni in July 2020 be referred to Parliament. The Committee understands that the Bill had gone through all legal hurdles:</p> <ul style="list-style-type: none"> • The National Small Enterprise Amendment Bill which incorporated a chapter on the creation of the “Small Enterprise Ombud Service” is referred to Parliament. The Bill had gone through all legal scrutiny including obtaining SEIAS certification and Gazette for public comment in December 2020. • Alternatively, as per the revised business case shared with the Committee at the beginning of the financial year 2022/23 concerning the establishment of the Office of the Small Enterprise Ombud Service, the Department should go ahead and establish the office as a Juristic Person within the Department, and in the medium term as a Public Entity i.e. Schedule 3A. The Committee reserves its right to accept or reject the Department strategic plan and APP (2023/24) should it not comply with any of the directives set forth hereinabove. 	Refer to feedback in 6.2 and 6.5
18.	<p>In the meantime, and in case of further delays by the Department in executing the Committee resolutions, the Committee will explore a Committee bill (Section 75 bill) in order to implement its own resolution for the establishment of the Small Enterprise Ombudsman. The Committee agrees that the Small Enterprise Service Ombuds bill, draft bill amending the National Small Enterprise Act (1996) and draft Public Procurement Bill (specifically the section that deals with dispute resolution) should be considered key constituents of the planned bill.</p>	Refer to feedback in 6.2 and 6.5

No.	Matters raised by the portfolio committee	Department's response
19.	During the course of the financial year (2022/23) the Department revised its own timelines in as far as the referral of the Business Amendment bill to Parliament is concerned. The project plan was shared with the Committee. It is on this basis that the Committee was prevented from pursuing its resolution to produce a Committee Bill. In terms of the project plan shared and agreed to by the Committee, the Department shall table the draft bill to Parliament on or before April 2023. Despite the fact that the project plan is not a statutory document to hold the Executive to account, the Committee will scrutinise the strategic plan and APP (2023/24) to ensure that this target is fully incorporated and correctly reflected on the Department's plans.	During the 2022/23 financial year the DSBD revised its timelines on the finalisation and presentation of the Business Licensing Amendment Bill before the Portfolio Committee. The 2021/22 financial year has been used to initiate the initial review of the Act as well as the dtic 2013 Business Licensing Bill. The DSBD indicated that the Bill would be introduced to Parliament by the end of quarter two of 2023/2024. The timelines are articulated in the plans submitted to Parliament during the 2022/23 financial year and DSBD intends to adhere to the timelines as promised.
20.	The SMME and Co-operatives Funding Policy must be accelerated and concluded before 31 March 2023. This target has been on the successive APPs of the Department since the financial year 2020/21. It will not be in the interest of good governance if the Committee accepts or considers the APP (2023/24) with this target still incomplete or pending approval by Cabinet.	The SMMEs and Co-operatives Funding Policy was presented to the ESIEID Cluster on 12 December 2022. It is anticipated that the Funding Policy will be presented to Cabinet by end of 2022/23 financial year. Thereafter, the SMMEs and Co-operatives Funding Policy will be gazetted to enable members of public to provide comments pertaining to the contents of the Funding Policy.
21.	Co-operatives enterprises are struggling to access financial assistance from sefa or the Department. It is reported in the annual report that there was no co-operative funded by sefa in the previous financial year. Whereas the Department fell short of its expenditure target on Co-operatives by more than R70 million. The Department's catalytic and supportive role in the development of Co-operatives is invisible. The Committee would like to reiterate its previous recommendation to the Department to reinvent the CDSP to include performance linked incentive scheme for Co-operatives.	The DSBD and Seda will improve the type of non-financial support provided to Co-operatives to ensure they have the necessary knowledge and skills to operate successful Co-operatives. The provision of business and technical support will assist Co-operatives to understand the fundamentals of their respective businesses, especially how to develop capacity to produce the requisite quantities and qualities to meaningfully participate in private sector enterprise and supplier development programmes as well as public procurement programmes.
22.	The Department should develop a turnaround plan on Co-operatives. The plan must be incorporated into the third quarterly report (2022/23) for consideration and discussion with the Committee.	The redesign referred to in sections 6.7 and 7.6 represent the turnaround plan in respect of the programme. The Department and Seda will execute the redesigned programme as soon as approval has been received from NT. The revised qualifying criteria will most likely improve the uptake on the programme.

No.	Matters raised by the portfolio committee	Department's response
23.	<p>As stated, before the utilisation of financial intermediaries by sefa was raised sharply by members of the Committee and flagged by the Financial and Fiscal Commission (FFC) in 2019 as increasing the cost of capital for struggling small enterprises. The Portfolio Committee recommendation is that sefa should consider insourcing all its lending activities. Alternatively, sefa should consider giving priority to financial institutions registered, licensed and regulated by reputable agencies of the State e.g. Prudential Authority, Financial Sector Conduct Authority, Financial Intelligence Centre and National Credit Regulator. As the Co-operative Banks Development Agency prepares to join the Department, from the policy point of view, it is important for the Department to proactively envisage the potential role of Co-operative Banking Institutions in distribution or channelling of resources to SMMEs and Co-operatives.</p>	<p>The role of the CBDA will be subsumed in the functions of the new merged entity and shall also be regulated by enabling the legislation that forms the new enterprise development agency. These are captured in the business case that is under the NT and DPSA's consideration for approval.</p> <p>sefa is evaluating the Co-operative financial institutions as a potential base to partner with to perform the roles as financial intermediaries. sefa is in the process of establishing a fintech platform which will enable financial intermediaries to access a common IT support service and enable intermediaries to access services such as a loan management system, accounting services and other institutional services, thereby lifting the administrative burden of these emerging financial intermediaries.</p>
24.	<p>The skewed distribution of funds and resources as observed in all annual reports in favour of Gauteng, KwaZulu Natal and Western Cape (provinces with big metros) at the exclusion of other struggling regions and/or provinces like Northern Cape, Eastern Cape, Free State, Mpumalanga and North West requires urgent intervention. Historical inequities exist between provinces as well as among districts within each province. Remedial measures should include, amongst others, equitable allocation of resources per province and district. Such distribution should be reported on in the quarterly and annual reports of the Department and agencies.</p>	<p>DSBD will endeavour to ensure the distribution of resources in all its programmes and projects to cover townships and rural areas focusing on the struggling provinces such as Northern Cape, Free State, Eastern Cape, Mpumalanga, Limpopo and North West.</p> <p>Budget is allocated based on the economic activity and SMMEs per province. During the 2021/22 financial year, Seda Gauteng province's expenditure was lower than that of the following five provinces, i.e. Eastern Cape; Free State; Limpopo; Mpumalanga and North West. This was a deliberate effort to ensure that some of the rural provinces do benefit from the allocation.</p> <p>During the 2022/23 financial year, sefa allocated more budget to priority provinces, which refer to North West, Northern Cape, Limpopo, Mpumalanga, Free State and Eastern Cape in an attempt to increase its reach beyond the metros. However, as can be seen in the quarterly performance reports, high demand for our services remains in the metros, with an increasing demand also seen in Limpopo and Mpumalanga during this period. This is as a result of sefa's deliberate efforts to enhance marketing its services through among others, road shows, media presence and collaborations with like-minded players in the small business ecosystem who have strong presence in other provinces besides the metropolitan areas. As a result, by 31 December 2022, the Eastern Cape and Northern Cape had already achieved their annual approval targets, whereas North West, Northern Cape and Free State, had reached their annual disbursement targets by December 2022. The support given to these provinces, in terms of additional personnel and training, has enhanced the performance.</p>

No.	Matters raised by the portfolio committee	Department's response
25.	<p>The Committee is calling on Seda and sefa to re-examine the degree to which their services are integrated and interdependent. The Committee does not concur with the notion that funding applications and business plans developed by Seda possibly declined willy-nilly and without recourse or corrective measures by sefa. In future, all Seda and sefa quarterly reports must incorporate a column – re: status of all applications submitted and received by both agencies respectively.</p>	<p>Retraining of Seda Business Advisors (BAs) on pre-critical/analytical thinking (to cover financial modelling) is underway in order to improve the pre-investment support offerings. Service providers' quality of work will be reviewed, and training will also be offered to upskill them. It is envisaged that this will improve the quality of business plans.</p> <p>Since there is a number of new BAs, provinces need to re-train them on the prerequisites for recommending a client for assistance with a business plan, for example, availability of a lease agreement, proof of market.</p> <p>Seda has added the Business Canvass model in its products offerings. All BAs and service providers that will be on the panel will be trained on it. It will improve the quality of business plans including establishing a panel of service providers and reviewing of the payment terms of service providers, based on the rejection of the business plans.</p> <p>Furthermore, sefa noted the Committee's recommendation and will be incorporated in the upcoming sefa performance reports.</p>
26.	<p>There are areas of underspending in the Department occasioned by vacant posts i.e. compensation of employees, goods and services as well as capital assets. The DPSA has approved DSBD organisational structure. The Committee is calling on the Department to act swiftly in filling vacant posts; particularly at senior management level. The Committee will track progress through monitoring quarterly reports of the Department.</p>	<p>Cost of Employment (CoE) Expenditure:</p> <ul style="list-style-type: none"> • The Department's structure was approved in September 2022 and provided for 144 additional posts of which 46 were prioritised for the 2022/23 financial year. In addition, the moratorium on filling vacancies was also lifted in September 2022. This situation provided for an underspending of approximately R9.5 million due to not expending on the 79 posts (33 existing vacancies and 46 new posts) for the first five months of the 2022/23 financial year. • During quarter three of the 2022/23 financial year, the DSBD appointed five new staff members, a further five new staff members was appointed during January 2023 and thus far 3 new appointments have been made in February 2023. The Department will continually update the Portfolio Committee on the implementation of these matters on a quarterly basis. It is important to indicate to the Portfolio Committee that even though the approved structure provides for 144 additional posts the budget is not available to fill all these positions, but NT provides funding in a staggered approach over a three-year period which necessitate that the Department also fills the positions in a staggered manner.

No.	Matters raised by the portfolio committee	Department's response
27.	<p>A high staff turnover at Seda and sefa is posing a risk to the service delivery environment. The Committee is of the opinion that the 20-month extension granted by Cabinet was indicative and not cast in stone. There is a lot that can be achieved within a reasonable period of time to ensure that entities are stabilised. The Committee wishes to invite the Department and entities to conduct an analysis and develop a mitigating strategy for consideration by the Committee before 31 January 2023.</p>	<p>The risk of continuous loss of critical skills due to lack of growth prospects as a result of short-term contract and uncertainty due to the merger has now materialised within Seda. However, the recruitment drive (short-term contracts) is very high and continuous within Seda to bridge the gap and capacitate the organisation to perform optimally and achieve the set targets.</p> <p>sefa is continuously filling in vacancies through the fixed term contracts whilst at the same time pursuing the building of an organisational culture to retain talent and decrease staff turnover rate.</p>
28.	<p>The Committee is on record and wishes to reiterate its initial recommendation when the merger was first introduced that consolidation of the three agencies should, if possible, be assumed separately from regular operations of the entities as all three of them are governed by different legislations that may take longer to process. The Minister should ensure that proper coordination between the entities and NT is monitored to guarantee that the mandate of the Portfolio is achieved.</p>	<p>The Business Case together with the embedded enabling legislation, the National Small Enterprise Bill, have been completed during December 2022 and sent to both NT and the DPSA for their concurrence and approval. The request for their approval also includes the establishment of a panel comprising the three departments to work on the Business Case on matters related to resourcing of the new entity.</p>
29.	<p>The Portfolio Committee noted the Auditor-General's remarks with respect to absence of good planning, in-year performance management, monitoring and reporting. The Committee is calling on Seda to act speedily in dealing with and implementing AG recommendations. In line with AG recommendations to the Committee, the Committee will ensure that all Seda quarterly reports provide feedback on the implementation and progress of action plans to ensure improvement in the audit outcomes of the agency.</p>	<p>The organisation took the adverse opinion on performance information very seriously and the concerns of the Committee are also read on the same note. The opinion of the Auditor-General was issued at a time when Seda had started developing a performance information management system. This system was completed at the end of quarter two of 2022/23 and was followed by testing, training and subsequent usage of the system. The performance system will also be linked to the new CRM that will be completed by the end of quarter one of 2023/24. It is envisaged that the results of all these new measures will be evident during the audit of the 2023/24 financial year given that all systems will be fully utilised during the next financial year to store data and means of verification. Given that the current financial year was utilised to develop and implement the systems, it is envisaged that the audit finding will be fully eliminated by the end of the 2023/24 financial year.</p>

No.	Matters raised by the portfolio committee	Department's response
30.	In spite of numerous road shows, marketing and awareness campaigns, as well as expansion of co-locations to remote and underprivileged regions, remonstrations and grumbling on the ground have not abated. The Department should monitor the extent to which APPs and quarterly reports incorporate output indicators that involves working with PCO. This could be facilitated or achieved through the District Development Municipal Champions. The Committee will monitor this adaptation during quarterly reports presentations.	Refer to 6.14 above.

7.2. SELECT COMMITTEE

Date	Agenda
17 May 2022	<ul style="list-style-type: none"> Briefing by the DSBD on its 2020-25 Revised Strategic Plan and 2022/23 APP.
23 August 2022	<ul style="list-style-type: none"> Briefing by sefa and Seda on progress and challenges in the rolling out of all finance and business support schemes towards SMMEs and Co-operatives growth, and their role on job creation. This should include an account in relation to the performance in terms of services offered to the affected areas following the July 2021 civil unrest in parts of KwaZulu-Natal and Gauteng Provinces.

Matters raised by the Select Committee and how the Department has addressed these matters:

No.	Matters raised by the select committee	Department's response
1.	Asked about the delay in the merger of the CBDA, Seda and sefa , performance audits, and the support that the DBSD is offering SMMEs.	The Department was forging ahead with the merger of the two entities, Seda and sefa and the CBDA, which is under NT. The DSBD had received approval to extend the merger period for an additional 20 months. This was because the Department needed to deal with the enabling legislative framework for the merger. There were also other critical elements of the merger to be considered such as infrastructure, integration and personnel.
2.	Asked what role the Department plays in ensuring that small businesses, which it has funded, get opportunities to have access to a market where they can sell their products.	Explained that there needs to be coordinated effort to ensure that clients that produce products in local municipalities get opportunities to supply locally to their municipalities and the private sector. The Department is working on reducing the red tape.

8. STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA) RESOLUTIONS

Not applicable.

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

Not applicable as the Department has not received a modified audit report in the prior period.

10. INTERNAL CONTROL UNIT

The DSBD does not have an Internal Control Unit.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

The Internal Audit Unit is in place and reports administratively to the Director General and functionally to the ARC. The objective of Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve the Department's operations. A risk-based audit plan was approved by the ARC for implementation in the 2022/23 financial year. The Unit provided assurance on key processes including Governance, Performance Information, Human Resources, Compliance with laws and regulations, ICT General Controls, and IMEDP. The audits also covered follow-up on the implementation of previous recommendations and action plans.

The ARC is in place, operates in terms of an approved ARC Charter and in accordance with the requirements of the PFMA (1999) and Treasury Regulations. The objective of the ARC is to provide oversight over the processes of governance, internal control and risk management in the Department.

The table below discloses relevant information on the Audit Committee members:

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date resigned	No. of meetings attended
Ms Zelda Tshabalala	B. Com, PGD, MBA	External	-	November 2020	N/A	6/6
Dr Prittish Dala	B. Com, M.IT, PHD- IT Security	External	-	March 2021	N/A	6/6
Ms Rudzani Rasikhinya	B. Com, Hons B. Com, HD, CA(SA)	External	-	March 2021	N/A	5/6
Mr Lindokuhle Mkhumane	B. Com, PDG, MBL	Internal	Director-General	October 2018	N/A	6/6

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2023.

Audit Committee Responsibility

The Audit Committee reports that it complied with its responsibilities arising from Section 38 (1) (a) (ii) of the PFMA and Treasury Regulation 3.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged responsibilities as contained therein.

Composition of the Audit and Risk Committee, Meetings and Attendance

The ARC consists of three independent non-executive members who collectively have sufficient qualifications and experience to fulfil their duties. Six meetings were held to consider the Audit Assurance, Financial Information, ICT, Human Resources, Risk Management, Compliance, Governance and Performance Management for the DSBD. The independent non-executive members attended all six meetings of the ARC for the 2022/23 financial year.

The management team, representatives from the internal auditors and external auditors attended ARC meetings. The Committee also met with internal auditors, without management being present. The internal and external auditors have unrestricted access to the ARC.

The Effectiveness of Internal Control

In the period under review the following activities were undertaken by the ARC towards the achievement of its mandate:

- Approved the Internal Audit Charter and the risk-based audit plan for 2023/24.
- Reviewed Internal Audit quarterly progress reports against the 2022/23 Audit Plan.
- Approved the Audit Strategy and engagement letter for 2022/23.
- Reviewed the quarterly financial and performance information of the Department.
- Reviewed quarterly reports on the implementation of risk and ethics management.
- Reviewed the effectiveness of financial controls and received assurance from management, internal and external audit.
- Reviewed significant issues raised by both the internal and external audit processes.
- Approved the draft annual financial statements and the annual performance report for 2022/23 before submission to the Auditor-General.
- Reviewed the audit report and the management report from the Auditor-General as well as the audit adjustments made.

The ARC considered reports presented by management and reports from internal and external audit and concluded that the system of internal control is generally sound with slight areas of improvement.

In-Year Management and Monthly/Quarterly Report

The Department has submitted monthly and quarterly reports to NT as required by the PFMA. Monitoring and reviews of financial, information communication technology, human resources, risk management, compliance, governance, and performance information were done periodically in the year under review. The ARC is satisfied with the reports submitted by management in this regard.

Evaluation of Financial Statements

The ARC has reviewed the unaudited annual financial statements, and through Internal Audit conducted a technical quality review of the financial statements prior to submission to the AGSA for audit. The Audit and Risk Committee has reviewed

and discussed the adjustments to the audited annual financial statements with management and AGSA. The ARC commends management on the actions taken to monitor financial reporting and compliance which has resulted in the Department maintaining an unqualified audit opinion with no material findings also known as the “Clean Audit”.

Performance Management

The ARC reviewed the Department’s performance through the quarterly reports submitted by management and audited by Internal Audit. The ARC acknowledged the achievement of 56% of targets for 2022/23. The ARC commends management on the actions taken to maintain the unqualified opinion with no material findings (Clean Audit) on Performance Information for three consecutive financial years.

Risk Management

The ARC is responsible for overseeing the implementation of systems of managing risks within the Department, as required by the PFMA. The Risk and Ethics Management Committee is a key assurance provider to the Audit Committee over the management of risk in the Department. Through the Risk Management Committee, the Committee considered the Department’s processes and systems of risk management.

The ARC is satisfied with the level of effectiveness of the Department’s risk management processes.

Internal Audit

The ARC evaluated the performance of Internal Audit and noted the ongoing efforts to improve the function’s ability to discharge its responsibilities. The Audit and Risk Committee is satisfied that Internal Audit implemented the approved Annual Internal Audit Plan accordingly without unjustified restrictions or limitations on the work of Internal Audit.

External audit

The ARC reviewed the Auditor-General’s proposed audit scope and approach.

In the new financial year, the ARC will continue to ensure that corrective actions to the reports or findings of the AGSA are reviewed and significant progress is made on the implementation corrective actions.

The Committee concurs with and accepts the conclusions and the audit opinion of the AGSA on the annual financial statements, and performance information and recommends that the annual financial statements and performance information be read together with the report of the AGSA.

Appreciation

The ARC would like to express its appreciation to the Department’s Executive Authority, Accounting Officer, Management, Internal Audit, the AGSA and all other role players for the robust and constructive engagements held during the period under review.



Ms. Zeldal Tshabalala

Chairperson of the Audit and Risk Committee
Department for Small Business Development

24 August 2023

13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the B-BBEE requirements of the B-BBEE Act (2013) and as determined by **the dtic**.

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with Regards to the Following:		
Criteria	Response Yes / No	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	The Department is still in the process of amending the Business Act that will determine the licencing framework for SMMEs.
Developing and implementing a preferential procurement policy?	Yes	The Department developed a procurement policy in response to the Constitutional Court judgement on preferential procurement. This policy was approved by 03 January 2023.
Determining qualification criteria for the sale of SOEs?	No	This does not fall within the ambit of the DSBDs mandate. The DSBD is consolidating its SOEs into one and there will be no sale taking place.
Developing criteria for entering into partnerships with the private sector?	No	Private sector partnerships are regulated according to the PFMA (1999) and Treasury regulations. The DSBD always ensures that it abides by the legal framework guiding such partnerships.
Determining criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE?	Yes	The incentives, grants and investments of the DSBD is managed by sefa and they develop the criteria, under the leadership of the DSBD. The criteria is aimed at ensuring that the designated groups – women, youth and PWDs are given access to the support provided by the SBD portfolio.

HUMAN RESOURCE MANAGEMENT

PART D



1. INTRODUCTION

The information contained in this part of the Annual Report has been prescribed by the Minister for the Public Service and Administration for all departments in the public service.

2. OVERVIEW OF HUMAN RESOURCES

2.1 The Status of Human Resources in the Department

The Department managed to finalise the organisational structure during the reporting period and commenced with matching and placement on the approved structure. This allowed for a significant decrease in the vacancy rate from 16.2% to 10%.

Similar to previous financial years, finalisation of the structure impacted the Department's ability to fill vacancies as well as spend in respect of the CoE budget and the Department had to return R14.4 million to NT at the end of the 2022/23 financial year. While filling of strategic and critical positions such as the Deputy Directors-General were advertised, the recruitment processes were not finalised. The Department is hoping to conclude these processes during the second quarter of 2023/24 financial year.

A further concern for the Department is the significant decline in representation of PWDs from 3.8% at the start of the reporting period to 3.3% at the end of the reporting period. This is mainly due to the increase in head count during the reporting period.

The Department was able to increase representation of women in senior management during the reporting period to achieve 51.5% representation, maintaining the women representation of $\geq 50\%$. The appointment of two women in senior management positions during the reporting period contributed to the achievement of this target.

The Department embarked on an Organisational Culture Survey in May and June 2022. The main objective of the survey was to provide an opportunity for employees to voice their concerns in a safe and confidential environment and to tap into their experience which affects productivity and performance. Although a total of 58 respondents participated in the survey, representing an overall response rate of 32% of the entire staff complement. The Department utilised the outcomes of the survey to inform some of the Organisational Development priorities for the 2022/23 financial year. Below were the organisational elements that were rated the lowest in the survey that was conducted.

- Remuneration linked to high vacancy rate and workload expected per employee
- Overall evaluation of DSBD as an employer
- Operational Excellence and Continuous Improvement

2.2 Human resource priorities for the year under review and the impact of these

Finalising the organisational structure, matching and placement on the approved structure and filling of vacancies were priorities for the year under review. The Department was able to obtain concurrence on the structure from the Minister for Public Service and Administration (MPSA) during the period under review and the Minister for Small Business Development approved the structure on 1 September 2022. The Department continued with the matching and placement of staff on the approved establishment and concluded the process by 31 March 2023. In addition, the catch-up plan geared towards the achievement of a vacancy rate of $<10\%$ increased workload significantly across the Department with Human Resources (HR) Unit facilitating the process and prioritising filling of vacant posts (shortlisting and interview panels).

2.3 Workforce planning and key strategies to attract and recruit a skilled and capable workforce

The final year of implementation of the medium-term Human Resource Plan and Employment Equity Plan was a challenge. While the Department moved on the finalisation of the structure and decreasing the vacancy rate, other priorities such as the review of policies and development of strategies to support recruitment efforts in respect of the Youth and PWDs were delayed. For the year under review the Workplace Skills Plan (WSP) was approved, however implementation of the training plan was not achieved. Two out of five planned training interventions were implemented. The sourcing of relevant service providers and number of nominations and attendance of identified employees per programme were the challenges that were experienced. In all, 10 new bursaries were awarded during the year under review.

2.4 Employee performance management

The Department sustained improved performance management practices during the reporting period with only one recorded case of non-compliance registered for senior management in respect of the submission of performance agreements. In the main, the Department was able to successfully conclude all moderations and processing of outcomes for the financial year under review.

2.5 Employee wellness programmes

The appointment of Independent Counselling and Advisory Services (ICAS) as the counselling and organisational enhancement service provider for the Department has seen employees taking up the utilisation of services offered by ICAS in improving the employee's quality of work life towards creating an environment that facilitates a holistic growth and wellness of the DSBD employees.

2.6 Highlight achievements and challenges faced by the Department, as well as future human resource plans / goals

The Department approved the Hybrid Model Working Policy as an endeavour to address the office accommodation challenges and to allow DSBD employees to work remotely, blended and via permanent in-office placement.

Achievement of the 51.5% women representation at SMS level.

Approval of the Organisational Structure and Placement of employees on the organisational structure.

The outcomes of the matching and placement process was concluded; however, there were number of aggrieved employees in terms of the placement outcomes. One employee has referred the matter to the Bargaining Council, and another had indicated an intention to refer their matter, but the report has not been received yet.

Outcome of the culture survey provide an insight on organisational development challenges that the Department still needs to address.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 Personnel-related expenditure

The following tables provide a summary of the final audited personnel-related expenditure by programme and by salary bands. In particular, they provide an indication of the following:

- Amount spent on personnel.
- Amount spent on salaries, overtime, homeowners' allowances and medical aid.

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2022 and 31 March 2023

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	¹ Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	109 620	70 091	1 306	959	63.9%	723
Sector & Market Development	116 644	21 922	0	4 181	18.8%	812
Development Finance	1 315 286	31 006	0	0	2.4%	674
Enterprise Development	972 371	21 411	0	2 000	2.2%	738
TOTAL	2 513 922	144 430	1 306	7 140	5.7%	726

¹ Training budget is centralised in Administration and includes cost in respect of Bursaries.

Table 3.1.2 Personnel costs by salary band for the period 1 April 2022 and 31 March 2023

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees ²	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	121	0.1%	1	121
Skilled (level 3-5)	4 861	3.4%	20	243
Highly skilled production (levels 6-8)	32 140	22.3%	72	446
Highly skilled supervision (levels 9-12)	55 174	38.2%	69	780
Senior and Top management (levels 13-16) ³	52 134	36.1%	37	1 409
TOTAL	144 430	100%	199	726

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2022 and 31 March 2023

Programme	Salaries ⁴		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Administration	45 234	64.5%	423	0.6%	868	1.2%	1 429	2.0%
Sector & Market Development	14 806	67.5%	0	0.0%	156	0.7%	485	2.2%
Development Finance	21 520	69.4%	24	0.1%	439	1.4%	1 237	4.0%
Enterprise Development	14 655	68.5%	10	0.03%	262	1.2%	484	2.3%
TOTAL	96 225	66.6%	457	0.3%	1 725	1.2%	3 635	2.5%

² Number of employees includes determined in line with 12 months service.

³ Includes the Political Office Bearers and Special Adviser.

⁴ This category only reflects basic salaries.

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2022 and 31 March 2023

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)	80	66.1%	0	0.0%	0	0.0%	0	0.0%
Skilled (level 3-5)	3 247	65.4%	28	0.6%	132	2.7%	312	6.3%
Highly skilled production (levels 6-8)	22 222	69.2%	380	1.2%	1 105	3.4%	2 032	6.3%
Highly skilled supervision (levels 9-12)	38 271	69.3%	49	0.1%	347	0.6%	871	1.6%
Senior management (level 13-16)	32 405	62.0%	0	0.0%	141	0.3%	420	0.8%
TOTAL	96 225	66.5%	357	0.3%	1 725	1.2%	3 635	2.5%

3.2 Employment and Vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

- Programme.
- Salary band.
- Critical occupations.

Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

Table 3.2.1 Employment and vacancies by programme as on 31 March 2023

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	97	93	4.1%	18
Sector & Market Development	30	23	23.3%	0
Development Finance	51	46	9.8%	1
Enterprise Development	32	27	15.6%	1
TOTAL	210	189	10.0%	20

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2023

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	1	1	0.0%	1
Skilled (3-5)	20	20	0.0%	2
Highly skilled production (6-8)	74	67	9.5%	12
Highly skilled supervision (9-12)	75	69	8.0%	4
Senior management (13-16)	40	32	20.0%	1
TOTAL	210	189	10.0%	20

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2023

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related	28	24	14.3%	2
Communication & Information Related	1	1	0.0%	3
Economists	1	1	0.0%	0
Finance & Economics Related	3	3	0.0%	1
Financial & Related Professionals	4	3	25.0%	1
Financial Clerks & Credit controllers	6	6	0.0%	2
Food Services Aids & Waiters	3	3	0.0%	1
Head of Department	1	1	0.0%	0
Household & Laundry Workers	4	4	0.0%	0
Human Resources & Organisational Development Related Professionals	6	6	0.0%	0
Human Resources Clerks	1	1	0.0%	0
Human Resources Related	10	10	0.0%	1
Information Technology Related	1	1	0.0%	0
Legal Related	3	3	0.0%	0
Light Vehicle Drivers	2	2	0.0%	1
Logistical Support Personnel	5	4	20.0%	0
Messengers Porters & Deliverers	1	1	0.0%	0
Other Administrative Policy & Related Officers	0	0	0.0%	1
Risk Management & Security Services	4	4	0.0%	3
Secretaries & Other Keyboard Operating Clerks	20	19	5.0%	1
Senior Managers	39	31	20.5%	1
Trade / Industry Advisers & Other Related Professionals	67	61	9.0%	2
TOTAL	210	189	10.0%	20

3.3 Filling of SMS Posts

The tables in this section provide information on employment and vacancies as it relates to members of the SMS by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 3.3.1 SMS post information as on 31 March 2023

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General	1	1	100%	0	0.0%
Salary Level 16	0	0	-	0	-
Salary Level 15	3	0	0.0%	3	100%
Salary Level 14	9	8	88.9%	1	11.1%
Salary Level 13	27	23	85.2%	4	14.8%
TOTAL	40	32	80.0%	8	20.0%

Table 3.3.2 SMS post information as on 30 September 2022

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General	1	1	100%	0	0.0%
Salary Level 16	1	0	0.0%	1	100%
Salary Level 15	3	0	0.0%	3	100%
Salary Level 14	9	8	88.9%	1	11.1%
Salary Level 13	27	23	85.2%	4	14.8%
TOTAL	41	32	78.0%	9	22.0%

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2022 and 31 March 2023

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General	0	0	0
Salary Level 16	0	0	0
Salary Level 15	3	0	0
Salary Level 14	1	0	1
Salary Level 13	3	0	2
TOTAL	7	0	3

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2022 and 31 March 2023

Reasons for vacancies not advertised within six months
3 x Deputy Director-General posts (L15) – Delayed due to review of the structure. Structure approved on 1 September 2022 and posts advertised on 28 October 2022.
1 x Chief Director post (L14) - Delayed due to review of the structure and matching and placement process which was concluded on 31 March 2023.
1 x Director post (L13) - Delayed due to review of the structure and matching and placement process which was concluded on 31 March 2023.

Reasons for vacancies not filled within twelve months
3 x Deputy Director-General posts (L15) – Delayed due to review of the structure. Structure approved on 1 September 2022 and posts advertised on 28 October 2022.
1 x Chief Director post (L14) - Delayed due to review of the structure and matching and placement process which was concluded on 31 March 2023.
1 x Director post (L13) - Delayed due to review of the structure and matching and placement process which was concluded on 31 March 2023.
1 x Director post (L13) – Process restarted due to non-compliance with the HR Delegations.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2022 and 31 March 2023

Reasons for vacancies not advertised within six months
None

Reasons for vacancies not advertised within twelve months
None

3.4 Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2022 and 31 March 2023

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	1	0	0.0%	0	0.0%	0	0.0%
Skilled (Levels 3-5)	20	0	0.0%	0	0.0%	0	0.0%
Highly skilled production (Levels 6-8)	74	7	9.5%	0	0.0%	6	8.1%
Highly skilled supervision (Levels 9-12)	75	23	30.7%	0	0.0%	1	1.3%
Senior Management Service Band A	27	2	7.4%	0	0.0%	0	0.0%
Senior Management Service Band B	9	3	33.3%	0	0.0%	0	0.0%
Senior Management Service Band C	3	0	0.0%	0	0.0%	0	0.0%
Senior Management Service Band D	1	0	0.0%	0	0.0%	0	0.0%
TOTAL	210	35	16.7%	0	0.0%	7	3.3%

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2022 and 31 March 2023

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
TOTAL	0	0	0	0	0
Employees with a disability					0

The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2022 and 31 March 2023

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Secretaries & Other Keyboard Operators	1	7	10	Transferred from previous Department
Secretaries & Other Keyboard Operators	1	7	9	Job downgraded
Administrative Related	1	8	9	Job downgraded
Human Resources Related	1	9	11	Job downgraded
Total number of employees whose salaries exceeded the level determined by job evaluation				4
Percentage of total employed				1.9%

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2022 and 31 March 2023

Gender	African	Asian	Coloured	White	Total
Female	2	0	0	0	2
Male	2	0	0	0	2
TOTAL	4	0	0	0	4
Employees with a disability	0	0	0	0	0

3.5 Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the Department. The following tables provide a summary of turnover rates by salary band and critical occupations.

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2022 and 31 March 2023

Salary band	Number of employees at beginning of period-1 April 2022	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Lower skilled (Levels 1-2)	0	0	0	0.0%
Skilled (Levels 3-5)	18	1	0	0.0%
Highly skilled production (Levels 6-8)	63	8	2	3.2%
Highly skilled supervision (Levels 9-12)	63	9	5	7.9%
Senior Management Service Bands A	23	1	2	8.7%
Senior Management Service Bands B	7	1	0	0.0%
Senior Management Service Bands C	0	0	0	0.0%
Senior Management Service Bands D	2	0	0	0.0%
Contracts	6	24	8	133.3%
TOTAL	182	44	17	9.3%

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2022 and 31 March 2023

Critical occupation	Number of employees at beginning of period-April 2022	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Administrative Related	22	5	1	4.5%
Communication & Information Related	3	2	2	66.7
Economists	0	1	0	0.0%
Finance & Economics Related	2	1	0	0.0%
Financial & Related Professionals	4	1	0	0.0%
Financial Clerks & Credit controllers	3	5	1	33.3%
Food Services Aids & Waiters	2	2	0	0.0%
Head of Department	1	0	0	0.0%
Household & Laundry Workers	4	0	0	0.0%
Human Resources & Organisational Development Related Professionals	5	1	1	20.0%

Critical occupation	Number of employees at beginning of period-April 2022	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Human Resources Clerks	1	0	0	0.0%
Human Resources Related	9	7	3	33.3%
Information Technology Related	0	1	0	0.0%
Language Practitioners Interpreters & Other Communication Related	2	0	1	50%
Legal Related	3	0	0	0.0%
Light Vehicle Drivers	1	3	1	100%
Logistical Support Personnel	4	0	0	0.0%
Messengers Porters & Deliverers	1	0	0	0.0%
Other Administrative Policy & Related Officers	0	1	0	0.0%
Risk Management & Security Services	2	5	0	0.0%
Secretaries & Other Keyboard Operating Clerks	20	1	1	5.0%
Senior Managers	33	3	4	12.1%
Trade / Industry Advisers & Other Related Professionals	60	5	2	3.3%
TOTAL	182	44	17	9.3%

The table below identifies the major reasons why staff left the Department.

Table 3.5.3 Reasons why staff left the Department for the period 1 April 2022 and 31 March 2023

Termination Type	Number	% of Total Resignations
Death	1	5.9%
Resignation	8	47.1%
Expiry of contract	4	23.5%
Dismissal – operational changes	0	0.0%
Dismissal – misconduct	0	0.0%
Dismissal – inefficiency	0	0.0%
Discharged due to ill-health	0	0.0%
Retirement	0	0.0%
Transfer to other Public Service Departments	4	23.5%
Other	0	0.0%
TOTAL	17	100%
Total number of employees who left as a % of total employment	17	8.1%

Table 3.5.4 Promotions by critical occupation for the period 1 April 2022 and 31 March 2023

Occupation	Employees 1 April 2022	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative Related	22	0	0.0%	14	63.6%
Communication & Information Related	3	0	0.0%	1	33.3%
Economists	0	0	0.0%	0	0.0%
Finance & Economics Related	2	1	50.0%	2	100%
Financial & Related Professionals	4	0	0.0%	2	50.0%
Financial Clerks & Credit controllers	3	1	33.3%	3	100%
Food Services Aids & Waiters	2	0	0.0%	0	0.0%
Head of Department	1	0	0.0%	0	0.0%
Household & Laundry Workers	4	0	0.0%	0	0.0%
Human Resources & Organisational Development Related Professionals	5	1	20.0%	4	80.0%
Human Resources Clerks	1	0	0.0%	1	100%
Human Resources Related	9	0	0.0%	6	66.7%
Information Technology Related	0	0	0.0%	0	0.0%
Language Practitioners Interpreters & Other Communication Related	2	0	0.0%	0	0.0%
Legal Related	3	0	0.0%	2	66.7%
Light Vehicle Drivers	1	0	0.0%	0	0.0%
Logistical Support Personnel	4	0	0.0%	4	100%
Messengers Porters & Deliverers	1	0	0.0%	0	0.0%
Other Administrative Policy & Related Officers	0	0	0.0%	0	0.0%
Risk Management & Security Services	2	0	0.0%	3	150%
Secretaries & Other Keyboard Operating Clerks	20	0	0.0%	11	55.0%
Senior Managers	33	0	0.0%	21	63.6%
Trade / Industry Advisers & Other Related Professionals	60	2	3.3%	30	50.0%
TOTAL	182	5	2.7%	104	57.1%

Table 3.5.5 Promotions by salary band for the period 1 April 2022 and 31 March 2023

Salary Band	Employees 1 April 2022	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)	0	0	0.0%	0	0.0%
Skilled (Levels 3-5)	18	0	0.0%	7	38.9%
Highly skilled production (Levels 6-8)	63	2	3.2%	42	66.7%
Highly skilled supervision (Levels 9-12)	63	3	4.8%	34	54.0%
Senior Management (Level 13-16)	32	0	0.0%	21	65.6%
Other Contracts	6	0	0.0%	0	0.0%
TOTAL	182	5	2.7%	104	57.1%

3.6 Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2023

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	14	1	1	0	15	1	0	1	33
Professionals	38	2	0	0	52	1	0	2	95
Technicians and associate professionals	11	0	1	0	21	0	0	0	33
Clerks	8	0	0	0	20	1	0	0	29
Service and sales workers	1	0	0	0	6	0	0	0	7
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	2	0	0	0	1	0	0	0	3
Elementary occupations	2	0	0	0	7	0	0	0	9
TOTAL	76	3	2	0	122	3	0	3	209
Employees with disabilities	3	0	0	0	4	0	0	0	7

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	13	1	1	0	15	1	0	1	32
Professionally qualified and experienced specialists and mid-management	22	2	0	0	31	0	0	1	56
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	28	0	0	0	54	2	0	1	85
Semi-skilled and discretionary decision making	12	0	1	0	20	0	0	0	33
Unskilled and defined decision making	0	0	0	0	2	0	0	0	2
TOTAL	76	3	2	0	122	3	0	3	209

Table 3.6.3 Recruitment for the period 1 April 2022 to 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	2	0	0	0	3
Professionally qualified and experienced specialists and mid-management	5	0	0	0	6	0	0	0	11
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	5	0	0	0	6	0	0	0	11
Semi-skilled and discretionary decision making	6	0	0	0	11	0	0	0	17
Unskilled and defined decision making	0	0	0	0	2	0	0	0	2
TOTAL	17	0	0	0	27	0	0	0	44
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2022 to 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	1	0	0	0	2	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	1	0	0	0	2
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
TOTAL	2	0	0	0	3	0	0	0	5
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5 Terminations for the period 1 April 2022 to 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	1	1	0	0	0	0	1	0	3
Professionally qualified and experienced specialists and mid-management	3	0	1	0	1	0	0	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	5	0	0	0	1	0	0	1	7
Semi-skilled and discretionary decision making	0	0	0	0	1	0	0	0	1
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
TOTAL	10	1	1	0	3	0	1	1	17
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2022 to 31 March 2023

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Refusal to take lawful instruction	0	0	0	0	0	1	0	0	1
Non-compliance leave policy	0	0	0	0	0	1	0	0	1
Non-compliance (PMDS policy)	4	0	0	0	0	3	0	0	7
Non adherence to deadlines	1	0	0	0	0	0	0	0	1
Failure to follow instructions	1	0	0	0	0	0	0	0	1
TOTAL	6	0	0	0	0	5	0	0	11

Table 3.6.7 Skills development for the period 1 April 2022 to 31 March 2023

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	3	1	0	0	7	1	0	0	12
Professionals	6	0	0	0	6	0	0	0	12
Technicians and associate professionals	2	0	0	0	6	0	0	0	8
Clerks	0	0	0	0	0	0	0	0	0
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
TOTAL	18	1	0	0	12	1	0	0	32
Employees with disabilities	4	0	0	0	0	0	0	0	4

3.7 Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2022

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General	1	1	0	0%
Salary Level 16	0	1	0	0%
Salary Level 15	3	0	0	0%
Salary Level 14	9	7	7	100%
Salary Level 13	27	25	24	96%
TOTAL	40	34	31	91%

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2023

Reasons
DG: Dispute raised regarding PA. Still to be finalised by DPME, DPSA and The Presidency.
Level 16: Special Adviser – No PA received / submitted/ on record.
Level 13: No PA received / submitted / on record.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2023

Reasons
Level 13: Case was identified for non-compliance and referred to employment relations.

3.8 Performance Rewards

To encourage good performance, the Department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations.

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2022 to 31 March 2023

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African	0	N/A	0%	0	0
Male	0	N/A	0%	0	0
Female	0	N/A	0%	0	0
Asian	0	N/A	0%	0	0
Male	0	N/A	0%	0	0
Female	0	N/A	0%	0	0
Coloured	0	N/A	0%	0	0
Male	0	N/A	0%	0	0
Female	0	N/A	0%	0	0
White	0	N/A	0%	0	0
Male	0	N/A	0%	0	0
Female	0	N/A	0%	0	0
TOTAL	R0	N/A	0%	0	0

This is in line with DPSA Circular 1 of 2019 that implemented the annual reduction and total withdrawal (from 2022) of performance bonuses. Consequently, PERSAL has deactivated the budget codes for performance Bonuses.

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2022 to 31 March 2023

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	0	N/A	0%	0	0	0
Skilled (level 3-5)	0	N/A	0%	0	0	0
Highly skilled production (level 6-8)	0	N/A	0%	0	0	0
Highly skilled supervision (level 9-12)	0	N/A	0%	0	0	0
TOTAL	R0	N/A	0%	0	0	0

This is in line with DPSA Circular 1 of 2019 that implemented the annual reduction and total withdrawal (from 2022) of performance bonuses. Consequently, PERSAL has deactivated the budget codes for performance Bonuses.

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2022 to 31 March 2023

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
None	0	N/A	0%	0	0
TOTAL	0	N/A	0%	0	0

This is in line with DPSA Circular 1 of 2019 that implemented the annual reduction and total withdrawal (from 2022) of performance bonuses. Consequently, PERSAL has deactivated the budget codes for performance Bonuses.

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2022 to 31 March 2023

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	0	N/A	0%	0	0	0
Band B	0	N/A	0%	0	0	0
Band C	0	N/A	0%	0	0	0
Band D	0	N/A	0%	0	0	0
TOTAL	0	N/A	0%	0	0	0

This is in line with DPSA Circular 1 of 2019 that implemented the annual reduction and total withdrawal (from 2022) of performance bonuses. Consequently, PERSAL has deactivated the budget codes for performance Bonuses.

3.9 Foreign Workers

The tables below summarise the employment of foreign nationals in the Department in terms of salary band and major occupation.

Table 3.9.1 Foreign workers by salary band for the period 1 April 2022 and 31 March 2023

Salary band	01 April 2022		31 March 2023		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0%	0	0%	0	0%
Highly skilled production (Lev. 6-8)	0	0%	0	0%	0	0%
Highly skilled supervision (Lev. 9-12)	0	0%	0	0%	0	0%
Contract (level 9-12)	0	0%	0	0%	0	0%
Contract (level 13-16)	0	0%	0	0%	0	0%
TOTAL	0	0%	0	0%	0	0%

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2022 and 31 March 2023

Major occupation	01 April 2022		31 March 2023		Change	
	Number	% of total	Number	% of total	Number	% Change
None	0	0%	0	0%	0	0%

3.10 Leave utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 3.10.1 Sick leave for the period 1 January 2022 to 31 December 2022

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	0	0%	0	0%	0	0
Skilled (levels 3-5)	35	77%	7	9%	5	26
Highly skilled production (levels 6-8)	161	87.6%	27	34.6%	6	239
Highly skilled supervision (levels 9 -12)	204	89.2%	31	39.7%	7	576
Top and Senior management (levels 13-16)	52	84.6%	13	16.7%	4	232
TOTAL	452	87.2%	78	100%	6	1 073

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2022 to 31 December 2022

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0%	0	0%	0	0
Skilled (Levels 3-5)	0	0%	0	0%	0	0
Highly skilled production (Levels 6-8)	0	0%	0	0%	0	0
Highly skilled supervision (Levels 9-12)	0	0%	0	0%	0	0
Senior management (Levels 13-16)	0	0%	0	0%	0	0
TOTAL	0	0 %	0	0%	0	0

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the Public Service Co-ordinating Bargaining Council (PSCBC) in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.10.3 Annual Leave for the period 1 January 2022 to 31 December 2022

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	0	0	0
Skilled Levels 3-5)	227	21	11
Highly skilled production (Levels 6-8)	1 220	18	66
Highly skilled supervision (Levels 9-12)	1 145	18	63
Senior management (Levels 13-16)	622	20	31
TOTAL	3 214	77	42

Table 3.10.4 Capped leave for the period 1 January 2022 to 31 December 2022

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2023
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	34	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	71	0
Senior management (Levels 13-16)	0	0	18	0
TOTAL	0	0	32	0

The following table summarises payments made to employees as a result of leave that was not taken.

Table 3.10.5 Leave payouts for the period 1 April 2022 and 31 March 2023

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2021/22 due to non-utilisation of leave for the previous cycle	148	3	49 333
Capped leave payouts on termination of service for 2022/23	0	0	0
Current leave payout on termination of service for 2022/23	111	8	13 875
TOTAL	259	11	63 208

3.11 HIV/AIDS & Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None	None

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	✓		1. Mr Alfred Tau - Director: Human Resource Management
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	✓		1. The Sub-directorate: EHW is dedicated for Health and Wellness of Employees. 2. The unit comprises of two (2) employees and is supported by an EHW Service Provider (ICAS) from February 2022, rendering Psycho-Social Counselling 3. The estimated budget for the EHW programme is R324 000.00
4. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/ services of this Programme.	✓		1. A Health Programme has been implemented, focusing on the implementation of the National Health Calendar. 2. Additional awareness / intervention programmes are implemented based on identified themes from services requested by employees, as well as themes based on the psycho-social (counselling) programme. 3. General Health Screening, including HIV/AIDS (HCT) programme to resume during current financial year.

Question	Yes	No	Details, if yes
<p>4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.</p>	✓		<p>The Department has an active Health & Wellness Committee, categorised as follows:</p> <p>First Aiders</p> <ol style="list-style-type: none"> 1. Sophy Nkoana 2. Emerancia Fenyane 3. Portia Malatji 4. Goitsemodimo Kuduntwane <p>Fire Fighters / Fire Marshalls</p> <ol style="list-style-type: none"> 1. Jane Kekana 2. Clement Moaga 3. Balindile Manzini <p>Evacuation Officers</p> <ol style="list-style-type: none"> 1. Shirley Maabela (EHW Programme Manager) 2. Nompumelelo Radebe (Facilities and Auxiliary Services Manager) 3. Rejoyce Maudu (OHS /Wellness Practitioner) 4. Mmapula Monyepao (Facilities Management) <p>Health and Safety Representatives</p> <ol style="list-style-type: none"> 1. Ziphora Malebye 2. Tsietsi Thinane 3. Gugu Sithole <p>Wellness Buddies / Peer Educators</p> <ol style="list-style-type: none"> 1. Thandeka Nxumalo 2. Tshepo Mathibela 3. Tsietsi Thinane <p>Labour Representatives</p> <ol style="list-style-type: none"> 1. Petrus Mathonsi 2. Kopano Ramashala 3. Ramadimetja Leganyane <p>Employee Relations Representatives</p> <ol style="list-style-type: none"> 1. Thapelo Malete 2. Nompumelelo Botha 3. Additional Member 4. Phetheho Podile
<p>5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.</p>	✓		<p>The Department has an approved HIV/AIDS and TB Management Policy in place to ensure employment policies / practices do not unfairly discriminate against employees based on their HIV status.</p>
<p>6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.</p>	✓		<p>Acts of discrimination are mitigated through conducting quarterly awareness and dialogue/ information sessions on the effects of stigmatization and discrimination. People living with HIV/AIDS are also invited to share practical effects and how they are overcome. Furthermore, people living with HIV/AIDS are made aware of their rights through available policies (advocacy and awareness). Employees are often encouraged not to label, stigmatise, or discriminate against people living with HIV/AIDS.</p>

Question	Yes	No	Details, if yes
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	✓		Yes, the quarterly workplace HVI/AIDS (HIV Counselling & Testing - HCT) Screening programme will resume this financial year, after the service was previously placed on hold, for the past 2 years, due to the Pandemic regulations.
8. Has the Department developed measures/ indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	✓		Yes, the Department developed and administer an evaluation template/form following presentations/ workshops to determine the impact of its health promotion programme. Also, a workplace Climate Survey Questionnaire was administered by an external service provider during 2022/2023 financial year, the outcomes of the survey were communicated to staff, and are receiving necessary attention.

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2022 and 31 March 2023

Total number of Collective agreements	None
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The following table summarises the outcome of disciplinary hearings conducted within the Department for the year under review.

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2022 and 31 March 2023

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	2	18.1%
Verbal warning	2	18.1%
Written warning	5	45.4%
Final written warning	0	0%
Suspended without pay	0	0%
Fine	0	0%
Demotion	0	0%
Dismissal	0	0%
Not guilty	1	9%
Case withdrawn/ pending	1	9%
TOTAL	11	100%

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2022 and 31 March 2023

Type of misconduct	Number	% of total
Refusal to follow a lawful instruction	1	9%
TOTAL	1	100%

Table 3.12.4 Grievances logged for the period 1 April 2022 and 31 March 2023

Grievances	Number	% of Total
Number of grievances resolved	3	100%
Number of grievances not resolved	0	0
Total number of grievances lodged	3	100%

Table 3.12.5 Disputes logged with Councils for the period 1 April 2022 and 31 March 2023

Disputes	Number	% of Total
Number of disputes upheld	1	12.5%
Number of disputes dismissed	7	87.5%
Total number of disputes lodged	8	100%

Table 3.12.6 Strike actions for the period 1 April 2022 and 31 March 2023

Total number of persons working days lost	0
Total costs working days lost	0
Amount recovered as a result of no work no pay (R'000)	0

Table 3.12.7 Precautionary suspensions for the period 1 April 2022 and 31 March 2023

Number of people suspended	0
Number of people who's suspension exceeded 30 days	0
Average number of days suspended	0
Cost of suspension(R'000)	0

3.13 Skills development

This section highlights the efforts of the Department with regard to skills development.

Table 3.13.1 Training needs identified for the period 1 April 2022 and 31 March 2023

Occupational category	Gender	Number of employees as at 1 April 2022	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training (Bursaries)	Total
Legislators, senior officials and managers	Female	18	0	5	0	5
	Male	15	0	7	2	9
Professionals	Female	54	0	11	2	13
	Male	41	0	5	0	5
Technicians and associate professionals	Female	21	0	17	3	20
	Male	12	0	12	0	12
Clerks	Female	22	0	10	1	11
	Male	8	0	4	3	7
Service and sales workers	Female	6	0	0	0	0
	Male	1	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	1	0	0	0	0
	Male	2	0	0	0	0
Elementary occupations	Female	7	0	0	0	0
	Male	2	0	0	0	0
Sub Total	Female	131	0	43	6	49
	Male	81	0	28	5	33
TOTAL		212	0	71	11	82

Table 3.13.2 Training provided for the period 1 April 2022 and 31 March 2023

Occupational category	Gender	Number of employees as at 1 April 2022	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	18	0	8	2	10
	Male	15	0	4	1	5
Professionals	Female	54	0	6	5	11
	Male	41	0	6	3	9
Technicians and associate professionals	Female	21	0	6	4	10
	Male	12	0	2	0	2
Clerks	Female	22	0	0	4	4
	Male	8	0	0	1	1
Service and sales workers	Female	6	0	0	0	0
	Male	1	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	1	0	0	0	0
	Male	2	0	0	0	0
Elementary occupations	Female	7	0	0	0	0
	Male	2	0	0	0	0
Sub Total	Female	131	0	20	15	35
	Male	81	0	12	5	17
TOTAL		212	0	32	20	52

3.14 Injury on duty

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2022 and 31 March 2023

Nature of injury on duty	Number	% of total
Required basic medical attention only - Please note that the treating Dr to provide details on the nature/ extent of injury in the FINAL MEDICAL REPORT to be submitted to the DSBD. Please note that currently the employee requires extensive medical attention. Employee still on special leave (IOD), Employee still receiving medical attention, including surgery.	1	0.1%
Temporary Total Disablement	0	0%
Permanent Disablement	0	0%
Fatal	0	0%
TOTAL	1	0.1%

3.15 Utilisation of Consultants

The following tables relates information on the utilisation of consultants in the Department. In terms of the Public Service Regulations “consultant” means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a Department against remuneration received from any source:

- The rendering of expert advice;
- The drafting of proposals for the execution of specific tasks; and
- The execution of a specific task which is of a technical or intellectual nature but excludes an employee of a Department.

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2022 and 31 March 2023

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Provision of Employee Health and Wellness services to the Department	1	30	105 109,55
Recruitment conducting personnel suitability checks Verification of Qualification	1	30	199 549,35
Appointment of service provider for the Incorporation of Small Enterprise Finance Agency (sefa) and the Cooperatives Bank Development Agency (CBDA) into the Small Enterprise Development Agency (SEDA)	1	30	2 366 775,59
Furniture removal Department Cape Town Offices	1	30	5 400,00
Furniture removal employee relocation	1	30	21 493,50
Furniture removal employee relocation	1	30	18 990,00
Furniture removal departmental block G relocation to 1st floor	3	30	103 288,00
Audit Committee fees	3	30	301 375,97
Recruitment conducting personnel suitability checks	1	30	25 323,00
Procurement of branding materials, media banners	1	30	22 800,00
Competency Assessment SMS Officials	1	30	39 120,40
Competency Based Assessments	1	30	6 968,50
Competency Based Assessments	1	30	8 891,00
DSBD Employee Satisfactory Survey	1	30	126 825,38
Develop an Integrated Results Monitoring and Evaluation (M&E) system for DSBD programs and all programs being supported (or receiving funding) under the DSBD.	2	30	1 016 163,00
Decoration service for DSBD heritage event	1	30	18 900,00
Provision of legal services -State Attorney	3	30	144 355,00
Advisory Consulting Health Risk Managers	1	30	6 526,80
Recruitment personal Suitability Check	1	30	500,00
Recruitment personal Suitability Check	1	30	11 500,00

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Conduct Incubators Support Programme (ISP) Evaluation	1	30	816 650,00
Competency Assessment	1	30	8 891,00
Quality Assurance services for DSBD	1	30	203 021,00
Provision of specific remedies, options and reforms for priority Regulatory Impediments affecting SMME growth	1	30	137 365,20
Advisory consulting services red tape reduction indicators	1	30	20 700,00
Evaluation and advisory services	1	30	13 800,00

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
26	33	780	7 557 717,03

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2022 and 31 March 2023

Project Title	Percentage Ownership by HDI Groups	Percentage Management by HDI Groups	Number of Consultants from HDI Groups that Work on the Project
Provision of Employee Health and Wellness services to the Department	Level 1	25.71% Black Ownership 11.53% Black Female	1
Recruitment conducting personnel suitability checks Verification of Qualification	Level 1	100% Black Male	1
Appointment of service provider for the Incorporation of Small Enterprise Finance Agency (sefa) and the Cooperatives Bank Development Agency (CBDA) into the Small Enterprise Development Agency (SEDA)	None	Non-SMME	1
Furniture removal Department Cape Town Offices	None	Non-SMME	1
Furniture removal employee relocation	Level 1		1
Furniture removal employee relocation	Level 1	100% Black Male	1
Furniture removal departmental block G relocation to 1st floor	None	Non-SMME	3
Audit Committee fees	None	Non-SMME	3
Recruitment conducting personnel suitability checks	Level 1	100% Black Male	1
Procurement of branding materials, media banners	Level 1	100% Black Male	1
Competency Assessment SMS Officials	Level 1	100% Black Male	1
Competency Based Assessments	None	Non-SMME	1
Competency Based Assessments	Level 1	100% Black Male	1
DSBD Employee Satisfactory Survey	Level 2	25.71% Black Ownership 11.53% Black Female	1

Project Title	Percentage Ownership by HDI Groups	Percentage Management by HDI Groups	Number of Consultants from HDI Groups that Work on the Project
Develop an Integrated Results Monitoring and Evaluation system for DSBD programmes and all programmes being supported (or receiving funding) under the DSBD.	Level 1	100% Black people 30% youth and 30% Women	2
Decoration service for DSBD heritage event	Level 1	100% Black	1
Provision of legal services -State Attorney	None	Non-SMME	3
Advisory Consulting Health Risk Managers	Level 2	50% Black Ownership 30% Black Female	1
Recruitment personal Suitability Check	None	Non-SMME	1
Recruitment personal Suitability Check	Level 4	70% white male 30 white Female	1
Competency Assessment	Level 1	49% white male 51% coloured black male	1
Quality Assurance services for DSBD	None	Non-SMME	1
Evaluation and advisory services	None	Non-SMME	1

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2022 and 31 March 2023

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
Adversary Longitudinal Study on SMMEs and Co-operatives in SA for a period from 2021 to 2024	1	30	630 747,77
Project Management	2	348	1 676 139,15
Provide advice and options on technical ICT frameworks to be utilized for development and piloting of a PASP Visual Boards Tool in three KwaZulu-Natal municipalities	1	30	91 632,00
Provision of specific remedies, options and reforms for priority Regulatory Impediments affecting SMME growth	1	30	137 365,20
Advisory consulting services red tape reduction indicators	1	30	20 700,00

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
05	6	468	2 556 584,12

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2022 and 31 March 2023

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Advisory Longitudinal Study on SMMEs and Co-operatives in SA for a period from 2021 to 2024	Level 2	49 % white female and 51% family trust	1
Project Management	None	Non-SMME	2
Provide advice and options on technical ICT frameworks to be utilised for development and piloting of a PASP Visual Boards Tool in three KwaZulu-Natal municipalities	Level 4	100% white male	1
Provision of specific remedies, options and reforms for priority Regulatory Impediments affecting SMME growth	Level 1	49% white male 51% coloured black male	1
Advisory consulting services red tape reduction indicators	Level 2	70.50% black male	1

3.16 Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2022 and 31 March 2023

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by Department
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels (3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
TOTAL	0	0	0	0

PFMA COMPLIANCE REPORT

PART E



1. IRREGULAR, FRUITLESS AND WASTEFUL UNAUTHORISED EXPENDITURE AND MATERIAL LOSSES

1.1 Irregular Expenditure

a) Reconciliation of Irregular Expenditure

Description	2022/23	2021/22
	R'000	R'000
Opening balance	0	0
Add: Irregular expenditure confirmed	655	0
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	0
Less: Irregular expenditure not recovered and written off	-	0
CLOSING BALANCE	R 655	0
<i>Settlement of service rendered on an irregularly awarded bid</i>		

Reconciling Notes

Description	2022/23	2021/22 ¹
	R'000	R'000
Irregular expenditure that was under assessment in 2021/22	0	336
Irregular expenditure that relates to 2021/22 and identified in 2022/23	319	0
Irregular expenditure for the current year	0	-
TOTAL	319	336

b) Details of Current and Previous Year Irregular Expenditure (Under Assessment, Determination, and Investigation)

Description ²	2022/23	2021/22
	R'000	R'000
Irregular expenditure under assessment	-	336
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	-
TOTAL³	-	336

¹ Record amounts in the year in which it was incurred

² Group similar items

³ Total unconfirmed irregular expenditure (assessment), losses (determination), and criminal conduct (investigation)

c) Details of Current and Previous Year Irregular Expenditure Condoned

Description	2022/23	2021/22
	R'000	R'000
2020/21: Appointment of a service provider whose rate was above prescribed rate for conference venues without prior approval from NT	-	4
2020/21 Appointment of gFleet without NT approval of the deviation	-	1 460
TOTAL	-	1 464

d) Details of Current and Previous Year Irregular Expenditure Removed - (Not Condoned)

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure NOT condoned and removed	-	-
TOTAL	-	-

e) Details of Current and Previous Year Irregular Expenditure Recovered

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure recovered	-	-
TOTAL	-	-

f) Details of Current and Previous Year Irregular Expenditure Written off (Irrecoverable)

Description	2022/23	2021/22
	R'000	R'000
2019/20 Legal services costs incurred through the State Attorney without following normal procurement process	-	106
TOTAL	-	106

Additional disclosure relating to Inter-Institutional Arrangements**g) Details of Non-Compliance Cases Where an Institution is Involved in an Inter-Institutional Arrangement (Where Such Institution Is Not Responsible for the Non-Compliance)**

Description
N/A

h) Details of Non-Compliance Cases Where an Institution is Involved in an Inter-Institutional Arrangement (Where Such Institution Is Responsible for the Non-Compliance)

Description	2022/23	2021/22
	R'000	R'000
N/A		

i) Details of Current and Previous Year Disciplinary or Criminal Steps Taken as a Result of Irregular Expenditure

Disciplinary Steps Taken
N/A

1.2 Fruitless and Wasteful Expenditure

a) Reconciliation of Fruitless and Wasteful Expenditure

Description	2022/23	2021/22
	R'000	R'000
Opening balance	3	14
Add: Fruitless and wasteful expenditure confirmed	-	6
Less: Fruitless and wasteful expenditure written off	-	17
Less: Fruitless and wasteful expenditure recoverable	-	-
CLOSING BALANCE	3	3

Employee missed a flight and forfeited the ticket. The accounting officer approved recovery, the debt take-on was implemented in April 2023.

Reconciling Notes

Description	2022/23	2021/22 ⁴
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2021/22	-	-
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	-	-
Fruitless and wasteful expenditure for the current year	-	-
TOTAL	-	-

⁴ Record amount in the year in which it was incurred

b) Details of Current and Previous Year Fruitless and Wasteful Expenditure (Under Assessment, Determination, and Investigation)

Description ⁵	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
TOTAL⁶	-	-

c) Details of Current and Previous Year Fruitless and Wasteful Expenditure Recovered

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure recovered	-	-
TOTAL	-	-

d) Details of Current and Previous Year Fruitless and Wasteful Expenditure Not Recovered and Written Off

Description	2022/23	2021/22
	R'000	R'000
Interest charged and paid over to GEPP for the late pay-over of deductions.	-	3
Telkom line that was not closed on time when the former DG retired	-	14
TOTAL	-	17

e) Details of Current and Previous Year Disciplinary or Criminal Steps Taken as a Result of Fruitless and Wasteful Expenditure

Disciplinary Steps Taken
The official who missed the flight was found to have been negligent and he was ordered to repay the money lost.
TOTAL

⁵ Group similar items

⁶ Total unconfirmed fruitless and wasteful expenditure (assessment), losses (determination), and criminal conduct (investigation)

1.3 Unauthorised Expenditure

a) Reconciliation of Unauthorised Expenditure

Description	2022/23	2021/22
	R'000	R'000
Opening balance	-	-
Add: unauthorised expenditure confirmed	-	-
Less: unauthorised expenditure approved with funding	-	-
Less: unauthorised expenditure approved without funding	-	-
Less: unauthorised expenditure recoverable	-	-
Less: unauthorised not recovered and written off ⁷	-	-
CLOSING BALANCE	-	-

Reconciling Notes

Description	2022/23	2021/22 ⁸
	R'000	R'000
Unauthorised expenditure that was under assessment in 2021/22	-	-
Unauthorised expenditure that relates to 2021/22 and identified in 2022/23	-	-
Unauthorised expenditure for the current year	-	-
TOTAL	-	-

b) Details of Current and Previous Year Unauthorised Expenditure (Under Assessment, Determination, and Investigation)

Description ⁹	2022/23	2021/22
	R'000	R'000
Unauthorised expenditure under assessment	-	-
Unauthorised expenditure under determination	-	-
Unauthorised expenditure under investigation	-	-
TOTAL¹⁰	-	-

⁷ This amount may only be written off against available savings

⁸ Record amount in the year in which it was incurred

⁹ Group similar items

¹⁰ Total unconfirmed unauthorised expenditure (assessment), losses (determination), and criminal conduct (investigation)

1.4 Additional Disclosure Relating to Material Losses in Terms of PFMA Section 40(3)(b)(i) &(iii)

a) Details of Current and Previous Year Material Losses Through Criminal Conduct

	2022/23	2021/22
Material Losses Through Criminal Conduct	R'000	R'000
Theft	-	-
Other material losses	-	-
Less: Recovered	-	-
Less: Not recovered and written off	-	-
TOTAL	-	-

b) Details of Other Material Losses

	2022/23	2021/22
Nature of Other Material Losses	R'000	R'000
(Group major categories but list material items)	-	-
	-	-
	-	-
	-	-
	-	-
TOTAL	-	-

c) Other Material Losses Recovered

	2022/23	2021/22
Nature of Losses	R'000	R'000
(Group major categories but list material items)	-	-
	-	-
	-	-
	-	-
	-	-
TOTAL	-	-

d) Other Material Losses Written Off

Nature of Losses	2022/23	2021/22
	R'000	R'000
(Group major categories, but list material items)	-	-
	-	-
	-	-
	-	-
	-	-
TOTAL	-	-

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of Invoices	Consolidated Value
		R'000
Valid invoices received	11 044	63 124
Invoices paid within 30 days or agreed period	11 044	63 124
Invoices paid after 30 days or agreed period	0	0
Invoices older than 30 days or agreed period (<i>unpaid and without dispute</i>)	-	-
Invoices older than 30 days or agreed period (<i>unpaid and in dispute</i>)	-	-

3. SUPPLY CHAIN MANAGEMENT

3.1 Procurement by Other Means

Project Description	Name of Supplier	Type of Procurement by Other Means	Contract Number	Value of Contract R'000
DSBD Franking Machine Annual License fee	People & Business South Africa (PBSA)	Single Source	OR-001149	8
The Department approached GTAC to assist with the Incorporation of sefa and CBDA into Seda	(GTAC) Government technical Advisory Centre	Single source	MOA	6.320
The Department approached CSIR to assist in implementing a pilot project for small enterprise development on medicinal cannabis and industrial hemp	Council for Scientific and Industrial research (CSIR)	Single Source	MOA	2 000

Project Description	Name of Supplier	Type of Procurement by Other Means	Contract Number	Value of Contract R'000
Training and development	National School of Government	Sole Service provider	OR-001180	3
Training and development	National School of Government	Sole Service provider	OR-001181	24
Training and development	National School of Government	Sole Service provider	OR-001182	24
Advisory consulting services red tape reduction indicators	Lean Institute Africa	section 3.2.4 (a) of PFAM SCM Instruction No. 2 of 2021/22	OR-001196	848
Annual Conferencing on Health and Wellness for practitioners	Psychological Society of South Africa	Single Source	OR-001202	6
Internal Audit Training and Development	The Leadership Academy for guardians of Governance and the institute of internal Auditors	Sole Service provider	AI-956262	12
The platform which covers the DSBD portfolio (DSBD, Seda and sefa) in the redesign and enhancement of the DSBD SMMESA portal and the District Information Management System (DIMS) component	Council for Scientific and Industrial research (CSIR)	Single Source	MOA	7 097
DSBD transversal systems LOGIS and PERSAL Emulation WINET software licensing	GP Van Niekerk Ondernemings	section 3.2.4 (a) of PFMA SCM Instruction No. 2 of 2021/22	OR-001239	30
Provide advice and options on technical ICT frameworks to be utilized for development and piloting of a PASP Visual Boards Tool in 3 KwaZulu-Natal municipalities	Fireworkx Internet	section 3.2.4 (a) of PFMA SCM Instruction No. 2 of 2021/22	OR-001238	611
Provision of specific remedies, options and reforms for priority Regulatory Impediments affecting SMME growth	Wolpe Strategic Economic Strategies	section 3.2.4 (a) of PFMA SCM Instruction No. 2 of 2021/22	OR-001237	916
TOTAL				17 898

3.2 Contract Variations and Expansions

Project Description	Name of Supplier	Contract Modification Type (Expansion or Variation)	Contract Number	Original Contract Value	Value of Previous Contract Expansion/s or Variation/s (if applicable)	Value of Current Contract Expansion or Variation
				R'000	R'000	R'000
N/A	-	-	-	-	-	-
N/A	-	-	-	-	-	-
N/A	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

FINANCIAL INFORMATION

PART F



REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2023

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 36: DEPARTMENT OF SMALL BUSINESS DEVELOPMENT

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Department of Small Business Development set out on pages 145 to 194, which comprise the appropriation statement, statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, financial statements present fairly, in all material respects, the financial position of the Department of Small Business Development as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standards (MCS) prescribed by the National Treasury (NT) and the requirements of the Public Finance Management Act of South Africa No. 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other matter

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

7. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 23 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of the Department of Small Business Development. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Unaudited supplementary schedules

8. The supplementary information set out on pages 195 to 206 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Department of Small Business Development – Vote 36

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2023

Responsibilities of the accounting officer for the financial statements

9. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

11. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must

audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

14. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measure the department's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 2: Sector and Market Development	50	To facilitate and increase access to markets for SMMEs through business information, product development support and value chain integration.
Programme 4: Enterprise Development	60	To oversee the promotion of an ecosystem that enhances entrepreneurship and the establishment, growth and sustainability of small businesses and co-operatives as well as coordinating business development support interventions across various spheres of government.

15. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the department's planning and delivery on its mandate and objectives.

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2023

16. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the department’s mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

17. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

18. I did not identify any material findings on the reported performance information of selected programmes.

Other matter

19. I draw attention to the matter below.

Achievement of planned targets

20. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under-achievements.

Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported

performance information of Programme 2: Sector and Market Development. Management subsequently corrected all the misstatements and I did not include any material findings in this report.

Report on compliance with legislation

22. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the department’s compliance with legislation.

23. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

24. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the department, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor’s report.

25. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

26. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor’s report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor’s report.

27. My opinion on the financial statements, the report on the audit of the annual performance report and the

Department of Small Business Development – Vote 36

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2023

report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

28. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

29. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

30. I considered internal control relevant to my audit of the financial statements, annual performance report and

compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

31. I did not identify any significant deficiencies in internal control.

auditor General

Pretoria
15 August 2023



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

for the year ended 31 March 2023

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the department's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the department to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Department of Small Business Development – Vote 36

ANNEXURE TO THE AUDITOR'S REPORT

for the year ended 31 March 2023

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	Section 1 Section 38(1)(a)(iv); 38(1)(b); PFMA 38(1)(c); 38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(h)(iii); Section 39(1)(a); 39(2)(a); Section 40(1)(a); 40(1)(b); 40(1)(c)(i) Section 43(4); 44; 44 (1) and (2) ; 45(b);
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 4.1.1; 4.1.3 Treasury Regulation 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1 Treasury Regulation 6.3.1(a); 6.3.1(b); 6.3.1(c'); 6.3.1(d); 6.4.1(b) Treasury Regulation 7.2.1 Treasury Regulation 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1 Treasury Regulation 9.1.1; 9.1.4 Treasury Regulation 10.1.1(a); 10.1.2 Treasury Regulation 11.4.1; 11.4.2; 11.5.1 Treasury Regulation 12.5.1 Treasury Regulation 15.10.1.2(c') Treasury Regulation 16A3.1 ; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) ,(b) & (e) ; 16A 6.3(a); 16A 6.3(a)(i);16A 6.3(b); 16A 6.3(c);16A6.3(d) ; 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A7.1; 16A.7.3; 16A.7.6; 16A.7.7;TR 16A8.2 (1) and (2); 16A 8.3 16A8.3 (d); 16A 8.4; 16A 9; 16A 9.1; 16A9.1(b)(ii);16A9.1 (c); 16A 9.1(d); 16A 9.1(e); 116A9.2; 16A9.2(a)(ii) &(iii); 16A9.1(f). Treasury Regulation 17.1.1 Treasury Regulation 18.2 Treasury Regulation 19.8.4
Public service regulation	Public service regulation 13(c);18; 18 (1) and (2); 25(1)(e)(i); 25(1)(e)(iii)
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 29 Section 34(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
Construction Industry Development Board Regulations	CIDB regulation 17; 25(1); 25 (5) & 25(7A)
Preferential Procurement Policy Framework Act No. 5 of 2000 (PPPFA)	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2

ANNEXURE TO THE AUDITOR'S REPORT

for the year ended 31 March 2023

Legislation	Sections or regulations
Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
Preferential Procurement Regulations, 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
The State Information Technology Agency Act No. 88 of 1998 (SITA)	Section 7(3) Section 7(6)(b) Section 20(1)(a)(l)
SITA Regulations	Regulation 8.1.1 (b); 8.1.4; 8.1.7 Regulation 9.6; 9.4 Regulation 12.3 Regulation 13.1 (a) Regulation 14.1; 14.2
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
PFMA SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4(a); 4.4(c) -(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
NT Instruction Note 03 of 2019/20	Par 5.5.1(vi); Paragraph 5.5.1(x);
NT Instruction Note 11 of 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
PFMA SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM Instruction 08 of 2022/23	Paragraph 3.2 Paragraph 4.3.2 and 4.3.3
Competition Act No 89 of 1998	Section 4(1)(b)(ii)
NT Instruction note 4 of 2015/16	Paragraph 3.4
NT SCM Instruction note 4A of 2016/17	Paragraph 6
NT Instruction 3 of 2019/20 - Annexure A	Section 5.5.1 (iv) and (x)
Second amendment of NT Instruction 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
Erratum NTI 5 of 2020/21	Paragraph 1
Erratum NTI 5 of 2020/21	Paragraph 2
Practice note 7 of 2009/10	Par agraph 4.1.2
Practice note 11 of 2008/9	Paragraph 3.1 Paragraph 3.1 (b)
PFMA SCM Instruction Note 01 of 2021/22	Paragraph 4.1
Public Service Act	Section 30 (1)

Department of Small Business Development – Vote 36

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

Table of Contents

Appropriation Statement	146
Notes to the Appropriation Statement	152
Statement of Financial Performance	154
Statement of Financial Position	155
Statement of Changes in Net Assets	156
Cash Flow Statement	157
Notes to the Annual Financial Statements (including Accounting policies)	158
Annexures	195

Department of Small Business Development – Vote 36

APPROPRIATION STATEMENT

for the year ended 31 March 2023

Appropriation per programme									
2022/23								2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of Final Budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme									
1. Administration	127 588	-	(9 912)	117 676	109 619	8 057	93.2%	101 002	99 194
2. Sector and Market Development	119 230	-	1 440	120 670	116 644	4 026	96.7%	107 139	90 431
3. Development Finance	1 318 587	-	(103)	1 318 484	1 315 286	3 198	99.8%	1 554 382	1 551 625
4. Enterprise Development	967 484	-	8 575	976 059	972 371	3 688	99.6%	874 540	871 968
TOTAL	2 532 889	-	-	2 532 889	2 513 921	18 968	99.3%	2 637 063	2 613 218
TOTAL (brought forward)									
Reconciliation with statement of financial performance									
ADD									
Departmental receipts				61				144	
Aid assistance				58 158				161 920	
Actual amounts per statement of financial performance (total revenue)				2 591 108				2 799 127	
ADD									
Aid assistance					27,896				139 790
Actual amounts per statement of financial performance (total expenditure)					2 541 817				2 753 008

APPROPRIATION STATEMENT

for the year ended 31 March 2023

Appropriation per economic classification									
	2022/23							2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of Final Budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	252 752	(5 967)	5 000	251 785	236 002	15 783	93.7%	230 550	212 377
Compensation of employees	159 811	(942)	-	158 869	144 430	14 439	90.9%	154 762	138 425
Goods and services	92 941	(5 025)	5 000	92 916	91 572	1 344	98.6%	75 784	73 949
Interest and rent on land	-	-	-	-	-	-	-	4	3
Transfers and subsidies	2 275 401	1 043	(5 000)	2 271 444	2 270 970	474	100.0%	2 402 031	2 397 586
Departmental agencies and accounts	916 176	(399)	-	915 777	915 761	16	100.0%	841 962	841 961
Public corporations and private enterprises	1 351 180	(250)	(5 000)	1 345 930	1 345 474	456	100.0%	1 553 394	1 549 014
Non-profit institutions	7 963	650	-	8 613	8 613	(0)	100.0%	5 414	5 414
Households	82	1 042	-	1 124	1 121	3	99.7%	1 261	1 197
Payments for capital assets	4 736	4 924	-	9 660	6 949	2 711	71.9%	4 476	3 250
Machinery and equipment	4 736	4 924	-	9 660	6 949	2 711	71.9%	4 461	3 238
Intangible assets	-	-	-	-	-	-	-	15	12
Payments for financial assets	-	-	-	-	-	-	-	6	5
TOTAL	2 532 889			2 532 889	2 513 921	18 968	99.3%	2 637 063	2 613 218

Department of Small Business Development – Vote 36

APPROPRIATION STATEMENT

for the year ended 31 March 2023

Programme 1: Administration									
2022/23								2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of Final Budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Ministry	38 406	19	(3 501)	34 924	32 191	2 733	92.2%	25 584	25 464
2. Departmental Management	32 364	(1 232)	(91)	31 041	29 567	1 474	95.3%	28 000	27 817
3. Corporate Services	32 810	2 803	(3 820)	31 793	29 722	2 071	93.5%	29 117	27 799
4. Financial Management	24 008	(1 590)	(2 500)	19 918	18 138	1 780	91.1%	18 301	18 114
Total for sub programmes	127 588	-	(9 912)	117 676	109 619	8 057	93.2%	101 002	99 194
Economic classification									
Current payments	124 695	(3 142)	(9 450)	112 103	106 748	5 355	95.2%	97 953	96 290
Compensation of employees	84 603	(942)	(8 500)	75 161	70 091	5 070	93.3%	64 870	64 771
Goods and services	40 092	(2 200)	(950)	36 942	36 657	285	99.2%	33 079	31 516
Interest and rent on land	-	-	-	-	-	-	-	4	3
Transfers and subsidies	82	942	-	1 024	1 021	3	99.7%	691	641
Households	82	942	-	1 024	1 021	3	99.7%	691	641
Payments for capital assets	2 811	2 200	(462)	4 549	1 850	2 699	40.7%	2 352	2 259
Machinery and equipment	2 811	2 200	(462)	4 549	1 850	2 699	40.7%	2 337	2 247
Intangible assets	-	-	-	-	-	-	-	15	12
Payments for financial assets	-	-	-	-	-	-	-	6	5
TOTAL	127 588	-	(9 912)	117 676	109 619	8 057	93.2%	101 002	99 194

APPROPRIATION STATEMENT

for the year ended 31 March 2023

Programme 2: Sector and Market Development									
2022/23								2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of Final Budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Sector and Market Development Management	486	(176)	-	310	1	310	0.2%	1 581	808
2. Business Intelligence and Knowledge Management	14 764	1 322	600	16 686	16 248	438	97.4%	19 459	14 254
3. Ease of Doing Business	9 191	(1 884)	3 715	11 022	8 786	2 236	79.7%	7 961	7 564
4. Access to Market Support	94 789	738	(2 875)	92 652	91 610	1 042	98.9%	78 138	67 805
Total for sub programmes	119 230	-	1 440	120 670	116 644	4 026	96.7%	107 139	90 431
Economic classification									
Current payments	39 669	(2 725)	5 682	42 626	38 610	4 016	90.6%	71 288	59 641
Compensation of employees	19 971	-	5 500	25 471	21 922	3 549	86.1%	35 643	24 140
Goods and services	19 698	(2 725)	182	17 155	16 688	467	97.3%	35 645	35 501
Transfers and subsidies	78 254	1	(5 000)	73 255	73 255	0	100.0%	34 245	30 237
Departmental agencies and accounts	-	1	-	1	1	0	63.6%	-	-
Public corporations and private enterprises	78 254	-	(5 000)	73 254	73 254	(0)	100.0%	34 065	30 065
Households	-	-	-	-	-	-	-	180	172
Payments for capital assets	1 307	2 724	758	4 789	4 779	10	99.8%	1 606	553
Machinery and equipment	1 307	2 724	758	4 789	4 779	10	99.8%	1 606	553
TOTAL	119 230	-	1 440	120 670	116 644	4 026	96.7%	107 139	90 431

Department of Small Business Development – Vote 36

APPROPRIATION STATEMENT

for the year ended 31 March 2023

Programme 3: Development Finance									
2022/23								2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of Final Budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Development Finance Management	436	(22)	-	414	-	414	-	1 912	1 270
2. Model Funding Collaboration	11 693	(1 656)	489	10 526	9 061	1 465	86.1%	7 057	6 976
3. Blended Finance	1 293 705	2 809	(592)	1 295 922	1 294 916	1 006	99.9%	1 534 086	1 532 434
4. Business Viability	12 753	(1 131)	-	11 622	11 309	313	97.3%	11 327	10 945
Total for sub programmes	1 318 587	-	(103)	1 318 484	1 315 286	3 198	99.8%	1 554 382	1 551 625
Economic classification									
Current payments	35 462	-	200	35 662	32 937	2 725	92.4%	25 569	23 275
Compensation of employees	32 111	-	1 500	33 611	31 006	2 605	92.2%	23 809	21 616
Goods and services	3 351	-	(1 300)	2 051	1 931	120	94.2%	1 760	1 659
Transfers and subsidies	1 282 698	-	-	1 282 698	1 282 227	471	100.0%	1 528 535	1 528 149
Departmental agencies and accounts	1 809	(400)	-	1 409	1 394	15	98.9%	3 472	3 471
Public corporations and private enterprises	1 272 926	(250)	-	1 272 676	1 272 220	456	100.0%	1 519 329	1 518 949
Non-profit institutions	7 963	650	-	8 613	8 613	(0)	100.0%	5 414	5 414
Households	-	-	-	-	-	-	-	320	315
Payments for capital assets	427	-	(303)	124	122	2	98.5%	278	200
Machinery and equipment	427	-	(303)	124	122	2	98.5%	278	200
TOTAL	1 318 587	-	(103)	1 318 484	1 315 286	3 198	99.8%	1 554 382	1 551 625

APPROPRIATION STATEMENT

for the year ended 31 March 2023

Programme 4: Enterprise Development									
2022/23								2021/22	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of Final Budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Enterprise Development Management	502	31	-	533	288	245	54.0%	6 378	5 783
2. Enterprise and Supplier Development	926 856	(894)	2 075	928 037	926 565	1 472	99.8%	857 223	856 799
3. SMME Competitiveness	40 126	863	6 500	47 489	45 519	1 970	95.9%	10 939	9 386
Total for sub programmes	967 484	-	8 575	976 059	972 371	3 688	99.6%	874 540	871 968
Economic classification									
Current payments	52 926	(100)	8 568	61 394	57 707	3 687	94.0%	35 740	33 171
Compensation of employees	23 126	-	1 500	24 626	21 411	3 215	86.9%	30 440	27 898
Goods and services	29 800	(100)	7 068	36 768	36 296	472	98.7%	5 300	5 273
Transfers and subsidies	914 367	100	-	914 467	914 467	-	100.0%	838 560	838 559
Departmental agencies and accounts	914 367	-	-	914 367	914 367	-	100.0%	838 490	838 490
Households	-	100	-	100	100	-	100.0%	70	69
Payments for capital assets	191	-	7	198	197	1	99.7%	240	238
Machinery and equipment	191	-	7	198	197	1	99.7%	240	238
TOTAL	967 484	-	8 575	976 059	972 371	3 688	99.6%	874 540	871 968

Department of Small Business Development – Vote 36

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2023

1. Detail of transfers and subsidies as per Appropriation Act (after Virement)

Detail of these transactions can be viewed in the note on Transfers and Subsidies, and Annexure 1A-H of the Annual Financial Statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement)

Detail of these transactions can be viewed in the note on Annual Appropriation to the Annual Financial Statements.

3. Detail on payments for financial assets

Detail of these transactions can be viewed in the note on Payments for financial assets to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after Virement):

4.1 Per programme

Programme	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
	R'000	R'000	R'000	%
Administration	117 676	109 619	8 057	6.8%
Sector and Market Development	120 670	116 644	4 026	3.3%
Development Finance	1 318 484	1 315 286	3 198	0.2%
Enterprise Development	976 059	972 371	3 688	0.4%
TOTAL	2 532 889	2 513 921	18 968	0.7%

Department of Small Business Development – Vote 36

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2023

4.2 Per economic classification

Economic classification	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
	R'000	R'000	R'000	%
Current payments	251 785	236 002	15 783	6.3%
Compensation of employees	158 869	144 430	14 439	9.1%
Goods and services	92 916	91 572	1 344	1.4%
Interest and rent on land				
Transfers and subsidies	2 271 444	2 270 970	474	0.0%
Departmental agencies and accounts	915 777	915 761	16	0.0%
Public corporations and private enterprises	1 345 930	1 345 474	456	0.03%
Non-profit institutions	8613	8613	(0)	0.0%
Households	1 124	1 121	3	0.3%
Payments for capital assets	9 660	6 949	2 711	28.1%
Machinery and equipment	9 660	6 949	2 711	28.1%
Intangible assets	-	-	-	-
Payments for financial assets	-	-	-	-
TOTAL	2 532 889	2 513 921	18 968	0.7%

Compensation of Employees: Expenditure amounted to R144.4 million (90.9%) against an adjusted budget of R158.9 million resulting in a variance of R14.4 million (9.1%). The underspending is mainly due to the vacancy rate of 10%.

Capital asset: Expenditure amounted to R6.9 million (71.9%) against adjusted budget of R9.7 million resulting in an under expenditure of R2.7 million (28.1%) due to orders for the Ministerial vehicles and Departmental Bakkies not being delivered before the end of the financial year.

Department of Small Business Development – Vote 36

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2023

		2022/23	2021/22
	Note	R'000	R'000
REVENUE			
Annual appropriation	1	2 532 889	2 637 063
Departmental revenue	2	61	144
Aid assistance		58 158	161 920
TOTAL REVENUE		2 591 108	2 799 127
EXPENDITURE			
Current expenditure			
Compensation of employees	4	144 430	138 425
Goods and services	5	91 572	73 949
Interest and rent on land	6	-	3
Aid assistance	3	5 393	4 867
Total current expenditure		241 395	217 244
Transfers and subsidies			
Transfers and subsidies	8	2 270 970	2 397 586
Aid assistance	3	15 608	132 446
Total transfers and subsidies		2 286 578	2 530 032
Expenditure for capital assets			
Tangible assets	9	6 949	3 238
Intangible assets	9	6 895	2 489
Total expenditure for capital assets		13 844	5 727
Payments for financial assets	7	-	5
TOTAL EXPENDITURE		2 541 817	2 753 008
SURPLUS/(DEFICIT) FOR THE YEAR		49 291	46 119
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		18 968	23 845
Annual appropriation		18 968	23 845
Statutory appropriation			-
Conditional grants			-
Departmental revenue and NRF receipts	14	61	144
Aid assistance	3	30 262	22 130
SURPLUS/(DEFICIT) FOR THE YEAR		49 291	46 119

Department of Small Business Development – Vote 36

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2023

		2022/23	2021/22
	Note	R'000	R'000
ASSETS			
Current assets		63 031	41 992
Cash and cash equivalents	10	46 535	29 161
Prepayments and advances	11	16 301	12 751
Receivables	12	195	80
Non-current assets		2 424	2 296
Receivables	12	2 424	2 296
TOTAL ASSETS		65 455	44 288
LIABILITIES			
Current liabilities		63 261	42 218
Voted funds to be surrendered to the Revenue Fund	13	18 968	13 845
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	14	3	28
Payables	15	14 028	6 150
Aid assistance repayable	3	30 262	22 195
TOTAL LIABILITIES		63 261	42 218
NET ASSETS		2 194	2 070
Represented by:			
Capitalisation reserve		-	-
Recoverable revenue		2 194	270
Retained funds		-	-
Revaluation reserves		-	-
Unauthorised expenditure		-	-
TOTAL		2 194	270

Department of Small Business Development – Vote 36

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2023

	Note	2022/23	2021/22
		R'000	R'000
Recoverable revenue			
Opening balance		2 070	1 986
Transfers:		124	84
Debts raised		124	84
CLOSING BALANCE		2 194	2 070

Department of Small Business Development – Vote 36

CASH FLOW STATEMENT

for the year ended 31 March 2023

		2022/23	2021/22
	Note	R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		2 591 108	2 789 127
Annual appropriation funds received	1.1	2 532 889	2 627 063
Departmental revenue received	2	56	141
Interest received	2.2	5	3
Aid assistance received	3	58 158	161 920
Net (increase)/decrease in net working capital		4 213	(7 087)
Surrendered to Revenue Fund		(13 931)	(18 727)
Surrendered to RDP Fund/Donor		(22 195)	(236)
Current payments		(241 395)	(217 241)
Interest paid	3	-	(3)
Payments for financial assets		-	(5)
Transfers and subsidies paid		(2 286 578)	(2 530 032)
Net cash flow available from operating activities	16	31 222	15 796
CASH FLOWS FROM INVESTING ACTIVITIES			
Distribution/dividend received			-
Payments for capital assets	9	(13 844)	(5 727)
(Increase)/decrease in non-current receivables	12	(128)	(86)
Net cash flow available from investing activities		(13 972)	(5 813)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		124	84
Net cash flows from financing activities		124	84
Net increase/(decrease) in cash and cash equivalents		17 374	10 067
Cash and cash equivalents at beginning of period		29 161	19 094
Unrealised gains and losses within cash and cash equivalents		-	-
Cash and cash equivalents at end of period	17	46 535	29 161

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

PART A: ACCOUNTING POLICIES

Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the Department's primary and secondary information.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1. Basis of preparation

The financial statements have been prepared in accordance with the Modified Cash Standard.

2. Going concern

The financial statements have been on a going concern basis.

3. Presentation currency

Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the Department

4. Rounding

Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).

5. Foreign currency translation

Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.

6. Comparative information

6.1 Prior period comparative information

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

6.2 Current year comparison with budget

A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

7. Revenue

7.1 Appropriated funds

Appropriated funds comprise of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective. Appropriated funds are measured at the amounts receivable. The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.

7.2 Departmental revenue

Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.

Department of Small Business Development – Vote 36

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

Departmental revenue is measured at the cash amount received.

In-kind donations received are recorded in the notes to the financial statements on the date of receipt and are measured at fair value.

Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

8. Expenditure

8.1 Compensation of employees

8.1.1 Salaries and wages

Salaries and wages are recognised in the statement of financial performance on the date of payment.

8.1.2 Social contributions

Social contributions made by the Department in respect of current employees are recognised in the statement of financial performance on the date of payment.

Social contributions made by the Department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.

8.2 Other expenditure

Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

Donations made in kind are recorded in the notes to the financial statements on the date of transfer and are measured at cost or fair value.

8.3 Accruals and payables not recognised

Accruals and payables not recognised are recorded in the notes to the financial statements at cost or fair value at the reporting date.

8.4 Leases

8.4.1 Operating leases

Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. Operating lease payments received are recognised as departmental revenue.

The operating lease commitments are recorded in the notes to the financial statements.

8.4.2 Finance leases

Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. Finance lease payments received are recognised as departmental revenue. The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- cost, being the fair value of the asset; or
- the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

9. Aid assistance

9.1 Aid assistance received

Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.

CARA Funds are recognised when receivable and measured at the amounts receivable.

Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

9.2 Aid assistance paid

Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.

10. Cash and cash equivalents

Cash and cash equivalents are stated at cost in the statement of financial position.

Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

11. Prepayments and advances

Prepayments and advances are recognised in the statement of financial position when the Department receives or disburses the cash.

Prepayments and advances are initially and subsequently measured at cost.

12. Financial assets

12.1 Financial assets (not covered elsewhere)

A financial asset is recognised initially at its cost-plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At the reporting date, a Department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

12.2 Impairment of financial assets

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying

value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.

13. Payables

Payables recognised in the statement of financial position are recognised at cost.

14. Capital assets

14.1 Immovable capital assets

Immovable assets reflected in the asset register of the Department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment.

Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.

14.2 Movable capital assets

Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.

14.3 Intangible capital assets

Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Internally generated intangible assets are recorded in the notes to the financial statements when the Department commences the development phase of the project.

Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

14.4 Project costs: Work-in-progress

Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.

Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.

Where the Department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.

15. Provisions and contingents

15.1 Provisions

Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

15.2 Contingent liabilities

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

15.3 Contingent assets

Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department.

15.4 Capital commitments

Capital commitments are recorded at cost in the notes to the financial statements.

16. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure receivables are recognised in the statement of financial position when recoverable. The

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when and at amounts confirmed, and comprises of:

- fruitless and wasteful expenditure that was under assessment in the previous financial year;
- fruitless and wasteful expenditure relating to previous financial year and identified in the current year; and
- fruitless and wasteful expenditure incurred in the current year.

17. Irregular expenditure

Losses emanating from irregular expenditure are recognised as a receivable in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.

Irregular expenditure is recorded in the notes to the financial statements when and at amounts confirmed and comprises of:

- irregular expenditure that was under assessment in the previous financial year;
- irregular expenditure relating to previous financial year and identified in the current year; and
- irregular expenditure incurred in the current year.

18. Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.

19. Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year.

Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

20. Related party transactions

Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

The number of individuals and the full compensation of key management personnel is recorded in the notes to the financial statements.

21. Inventories

At the date of acquisition, inventories are recognised at cost in the statement of financial performance.

Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.

Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.

The cost of inventories is assigned by using the weighted average cost basis.

22. Employee benefits

The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is recorded in the Employee benefits note.

Accruals and payables not recognised for employee benefits are measured at cost or fair value at the reporting date.

The provision for employee benefits is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

Department of Small Business Development – Vote 36

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

PART B: EXPLANATORY NOTES

1. Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

	2022/23			2021/22		
	Final Budget	Actual Funds Received	Funds not Requested / not Received	Final Budget	Appropriation Received	Funds not Requested / not Received
Programmes	R'000	R'000	R'000	R'000	R'000	R'000
Administration	117 676	117 676	-	101 002	99 002	2 000
Sector & Market Development	120 670	120 670	-	107 139	99 008	8 131
Development Finance	1 318 484	1 318 484	-	1 554 382	1 555 513	(1 131)
Enterprise Development	976 059	976 059	-	874 540	873 540	1 000
TOTAL	2 532 889	2 532 889	-	2 637 063	2 627 063	10 000

2. Departmental revenue

	Note	2022/23	2021/22
		R'000	R'000
Sales of goods and services other than capital assets	2.1	56	56
Interest, dividends and rent on land	2.2	5	3
Transactions in financial assets and liabilities	2.3	-	85
Total revenue collected		61	144
TOTAL		61	144

The revenue collected is employee parking rent collected (R18 thousand); commission received on third party deductions such as insurance/premiums from employee' salaries (R38 thousand); and interest received from the commercial bank (R5 thousand).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

2.1 Sales of goods and services other than capital assets

		2022/23	2021/22
	Note	R'000	R'000
Sales of goods and services produced by the Department		56	56
Sales by market establishment		18	20
Other sales		38	36
TOTAL	2	56	56

The revenue collected is employee parking rent collected (R18 thousand); and commission received on third party deductions such as insurance/premiums from employee' salaries (R38 thousand).

2.2 Interest, dividends and rent on land

		2022/23	2021/22
	Note	R'000	R'000
Interest		5	3
TOTAL	2	5	3

Interest received from commercial bank.

2.3 Transactions in financial assets and liabilities

		2022/23	2021/22
	Note	R'000	R'000
Receivables		-	84
Other receipts including Recoverable Revenue		-	1
TOTAL	2	-	85

Department of Small Business Development – Vote 36

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

2.3.1 Donations received in-kind (not included in the main note or sub note)

		2022/23	2021/22
	Note	R'000	R'000
Wine and Chocolates		1	-
Portable Speaker		-	1
Four-Wheel Hard-Shell Business carry bag		-	3
TOTAL		1	4

3. Aid assistance

		2022/23	2021/22
	Note	R'000	R'000
Opening balance		22 195	301
Prior period error			
As restated		22 195	301
Transferred from statement of financial performance		30 262	22 130
Paid during the year		(22 195)	(236)
CLOSING BALANCE		30 262	22 195

The balance of Donor funds (European Union) (R30.3m) to be surrendered on the Ecosystem Development for Small Enterprise (EDSE) project.

3.1 Analysis of balance by source

		2022/23	2021/22
	Note	R'000	R'000
Aid assistance from RDP		30 262	22 195
CLOSING BALANCE	3	30 262	22 195

Amounts to be surrendered: Seda (R520 thousand), DALRRD (R14.270 million) and DSBD (R15.473 million)

Department of Small Business Development – Vote 36

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

3.2 Analysis of balance

		2022/23	2021/22
	Note	R'000	R'000
Aid assistance repayable		30 262	22 195
CLOSING BALANCE	3	30 262	22 195
Aid assistance not requested/not received		-	-

Amounts to be surrendered: Seda (R520 thousand), DALRRD (R14.270 million) and DSBD (R15.473 million)

3.3 Aid assistance expenditure per economic classification

		2022/23	2021/22
	Note	R'000	R'000
Current		5 393	4 867
Capital	9	6 895	2 477
Transfers and subsidies		15 608	132 446
TOTAL AID ASSISTANCE EXPENDITURE		27 896	139 790

Transfer payment to Seda (R15.6 million), DALRRD LITS (R4.6 million), CSIR SMME database (R2.2 million) and consultancy services (R5.4 million)

Department of Small Business Development – Vote 36

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

4. Compensation of employees**4.1 Analysis of balance**

		2022/23	2021/22
	Note	R'000	R'000
Basic salary		96 225	93 295
Performance award		56	547
Service based		252	87
Compensative/circumstantial		1 548	1 047
Periodic payments		2 320	830
Other non-pensionable allowances		28 367	27 064
TOTAL		128 768	122 870

Increase in expenditure due to cost-of-living adjustments and Periodic payments to Minister's advisors.

4.2 Social contributions

		2022/23	2021/22
	Note	R'000	R'000
Employer contributions			
Pension		12 005	11 887
Medical		3 635	3 647
Bargaining council		22	21
TOTAL		15 662	15 555
TOTAL COMPENSATION OF EMPLOYEES		144 430	138 425
Average number of employees		192	192

Department of Small Business Development – Vote 36

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

5. Goods and services

		2022/23	2021/22
	Note	R'000	R'000
Administrative fees		1 494	413
Advertising		538	509
Minor assets	5.1	124	27
Bursaries (employees)		1 044	282
Catering		475	139
Communication		1 109	2 777
Computer services	5.2	5 337	7 166
Consultants: Business and advisory services		7 140	970
Legal services		144	706
Contractors		273	2 187
Agency and support / outsourced services		-	30
Entertainment		-	1
Audit cost - external	5.3	3 407	4 830
Fleet services		2 869	1 364
Inventories	5.4	29 743	17 311
Consumables	5.5	646	1 075
Operating leases		9 472	11 932
Property payments	5.6	2 844	522
Rental and hiring		19	-
Transport provided as part of the departmental activities		59	-
Travel and subsistence	5.7	22 274	17 221
Venues and facilities		1 363	3 577
Training and development		262	213
Other operating expenditure	5.8	936	697
TOTAL		91 572	73 949

Department of Small Business Development – Vote 36

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

Key cost drivers

Inventory: Expenditure for equipment procured for redistribution to beneficiaries under IMEDP.

Travel and subsistence: The expenditure is due to the nature of the business that the Department provides which requires officials to travel consistently.

Operating lease: The operating lease expenditure is largely made of payments made towards DPW and **the dtic** for office space rental.

Audit costs: The expenditure is for the regulatory and forensic audit work carried out by AGSA.

Property payments: Included is costs incurred relating to water usage, electricity supply and sewerage paid to the city of Tshwane municipality.

Fleet services: Fuel, maintenance and repairs for departmental vehicles and rentals.

Computer services: Payments to SITA for the desktop support services provided to DSBD.

Consultants: Business and advisory services: Health and wellness services, Personnel suitability checks, GTAC, Audit Committee fees, M&E evaluation and ISP evaluation.

Venues: Departments events.

Communications: DSBD is operating on hybrid mode and officials need data and airtime for connection.

Bursaries: More officials awarded bursaries for 2022.

5.1 Minor assets

		2022/23	2021/22
	Note	R'000	R'000
Tangible capital assets		124	27
Machinery and equipment		124	27
TOTAL	5	124	27

Audio visual equipment, computer monitors, and tools of trade (cellular phones).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

5.2 Computer services

		2022/23	2021/22
	Note	R'000	R'000
SITA computer services		3 543	5 763
External computer service providers		1 794	1 403
TOTAL	5	5 337	7 166

Desktop support services by SITA and transversal systems.

5.3 Audit cost - external

		2022/23	2021/22
	Note	R'000	R'000
Regularity audits		3 321	3 094
Investigations		86	1 736
TOTAL	5	3 407	4 830

Regulatory and forensic audit by AGSA.

5.4 Inventories

		2022/23	2021/22
	Note	R'000	R'000
Other supplies	5.4.1	29 743	17 311
TOTAL	5	29 743	17 311

Equipment procured for redistribution to beneficiaries under IMEDP.

Department of Small Business Development – Vote 36

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

5.4.1 Other supplies

		2022/23	2021/22
	Note	R'000	R'000
Assets for distribution		29 743	17 311
Machinery and equipment		29 743	17 311
TOTAL	5.4	29 743	17 311

Equipment procured for redistribution to beneficiaries under IMEDP.

5.5 Consumables

		2022/23	2021/22
	Note	R'000	R'000
Consumable supplies		109	558
Household supplies		23	73
Building material and supplies		8	16
Communication accessories		-	1
IT consumables		53	7
Other consumables		25	461
Stationery, printing and office supplies		537	517
TOTAL	5	646	1 075

Stationery, Groceries for the ministry offices (households) and photographic consumables for the communications office (other consumables).

5.6 Property payments

		2022/23	2021/22
	Note	R'000	R'000
Municipal services		1 893	-
Other		951	522
TOTAL	5	2 844	522

Departmental municipal services, costs for water, electricity and sewage. Other property payments consist of payment for cleaning and disinfecting office building.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

5.7 Travel and subsistence

		2022/23	2021/22
	Note	R'000	R'000
Local		19 265	13 030
Foreign		3 009	4 191
TOTAL	5	22 274	17 221

Official trips by DSBD officials and non-employees (SMMEs) attending exhibitions abroad.

5.8 Other operating expenditure

		2022/23	2021/22
	Note	R'000	R'000
Professional bodies, membership and subscription fees		11	14
Resettlement costs		-	11
Other		925	672
TOTAL	5	936	697

Other operating expenditure item includes storage, courier services, professional membership, roadworthy tests, and printing and publication services.

6. Interest and rent on land

		2022/23	2021/22
	Note	R'000	R'000
Interest paid		-	3
TOTAL		-	3

Department of Small Business Development – Vote 36

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

7. Payments for financial assets

		2022/23	2021/22
	Note	R'000	R'000
Debts written off	7.1	-	5
TOTAL		-	5

7.1 Debts written off

		2022/23	2021/22
	Note	R'000	R'000
Nature of debts written off			
Other debt written off			
Bursary debt		-	5
TOTAL		-	5
TOTAL DEBT WRITTEN OFF	7	-	5

8. Transfers and subsidies

		2022/23	2021/22
	Note	R'000	R'000
Departmental agencies and accounts	Annex 1A	915 761	841 961
Public corporations and private enterprises	Annex 1B	1 345 474	1 549 014
Non-profit institutions	Annex 1C	8 613	5 414
Households	Annex 1D	1 122	1 197
TOTAL		2 270 970	2 397 586

Transfers to Small Enterprise Development Agency (Seda), Small Enterprise Finance Agency (**sefa**), SEIF projects, Craft CSP and leave discounting for ex-employees.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

8.1 Donations made in kind (not included in the main note)

		2022/23	2021/22
	Note	R'000	R'000
List in-kind donations made	Annex 1G		
Not applicable		-	-
TOTAL		-	-

N/A

9. Expenditure for capital assets

		2022/23	2021/22
	Note	R'000	R'000
Tangible capital assets		6 949	3 238
Machinery and equipment		6 949	3 238
Intangible capital assets		6 895	2 489
Software		6 895	2 489
TOTAL		13 844	5 727

Finance lease, audio visual equipment, photographic equipment, bags, laptops, and desktops. Software development procured by DALRRD through EDSE funds.

9.1 Analysis of funds utilised to acquire capital assets – 2022/23

	2022/23		
	Voted funds	Aid assistance	Total
Name of entity	R'000	R'000	R'000
Tangible capital assets	6 949	-	6 949
Machinery and equipment	6 949	-	6 949
Intangible capital assets	-	6 895	6 895
Software	-	6 895	6 895
TOTAL	6 949	6 895	13 844

Finance lease, audio visual equipment, photographic equipment, bags, laptops, and desktops. Software procured by DALRRD through EDSE funds.

Department of Small Business Development – Vote 36

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

9.2 Analysis of funds utilised to acquire capital assets – 2021/22

	2021/22		
	Voted funds	Aid assistance	Total
Name of entity	R'000	R'000	R'000
Tangible capital assets	3 238		3 238
Machinery and equipment	3 238		3 238
Intangible capital assets	12	2 477	2 489
Software	12	2 477	2 489
TOTAL	3 250	2 477	5 727

9.3 Finance lease expenditure included in Expenditure for capital assets

	Note	2022/23	2021/22
		R'000	R'000
Tangible capital assets			
Machinery and equipment		1 078	1 393
TOTAL		1 078	1 393

RT15 contract with Vodacom for provision of tools of trade (phones) and Konica Minolta Colour Refurbished Multifunction Copier Machines.

10. Cash and cash equivalents

	Note	2022/23	2021/22
		R'000	R'000
Consolidated Paymaster General Account		32 361	23 086
Cash on hand		66	66
Investments (Domestic)		14 108	6 009
TOTAL		46 535	29 161

PMG balance (R45 mil. and outstanding payments R12.7 mil and Salary EBT control: R9.3 thousand, petty cash R66 thousand, and cash in commercial bank account received on 31 March.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

11. Prepayments and advances

		2022/23	2021/22
	Note	R'000	R'000
Travel and subsistence		-	5
Prepayments (Not expensed)	11.2	43	47
Advances paid (Not expensed)	11.1	16 258	12 699
TOTAL		16 301	12 751

		2022/23	2021/22
	Note	R'000	R'000
Analysis of Total Prepayments and advances			
Current Prepayments and advances		16 301	12 751
Non-current Prepayments and advances		-	-
TOTAL		16 301	12 751

Advances to DALRRD for the EDSE project; DIRCO for facilitation of official foreign trips; Multichoice TV subscription and an advance for official travel and SEDA for the SMME exposure to international markets.

11.1 Advances paid (Not expensed)

		2022/23				
		Amount as at 1 April 2022	Less: Amounts Expensed in Current Year	Add / Less: Other	Add Current Year Advances	Amount as at 31 March 2023
	Note	R'000	R'000	R'000	R'000	R'000
National departments		12 699	(19 917)	-	22 100	14 882
Provincial departments		-	-	-	-	-
Public entities		-	(13 612)	-	14 988	1 376
Other entities		-	-	-	-	-
TOTAL	11	12 699	(33 529)	-	37 088	16 258

Advance to DIRCO to facilitate foreign official trips, SEDA for the SMME exposure to international markets, GCIS for the Cannabis project and DALRRD for the EDSE project.

Department of Small Business Development – Vote 36

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

		2021/22				
		Amount as at 1 April 2022	Less: Amounts Expensed in Current Year	Add / Less: Other	Add Current Year Advances	Amount as at 31 March 2023
	Note	R'000	R'000	R'000	R'000	R'000
National departments		-	-	-	12 699	12 699
Other entities		-	-	-	-	-
TOTAL	11	-	-	-	12 699	12 699

Advances to DALRRD for the EDSE project.

11.2 Prepayments (Not expensed)

		2022/23				
		Amount as at 1 April 2022	Less: Amounts Expensed in Current Year	Add / Less: Other	Add Current Year Prepayments	Amount as at 31 March 2023
	Note	R'000	R'000	R'000	R'000	R'000
Goods and services		47	(56)	-	52	43
Other		-	-	-	-	-
TOTAL	11	47	(56)	-	52	43

Advance to Multichoice for DSTV subscription which is being expensed monthly.

		2021/22				
		Amount as at 1 April 2022	Less: Amounts Expensed in Current Year	Add / Less: Other	Add Current Year Prepayments	Amount as at 31 March 2023
	Note	R'000	R'000	R'000	R'000	R'000
Goods and services		48	(63)	-	62	47
Other		-	-	-	-	-
TOTAL	11	48	(63)	-	62	47

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

12. Receivables

	Note	2022/23			2021/22		
		Current R'000	Non-current R'000	Total R'000	Current R'000	Non-current R'000	Total R'000
Claims recoverable	12.1	-	2	2	4	2	6
Recoverable expenditure	12.2	138	4	142	4	-	4
Staff debt	12.3	8	118	126	-	93	93
Other receivables	12.4	49	2 300	2 349	72	2 201	2 273
TOTAL		195	2 424	2 619	80	2 296	2 376

Other receivables: largely due to long outstanding debts transferred from **the dtic** and salaries for officials that left the Department.

12.1 Claims recoverable

	Note	2022/23	2021/22
		R'000	R'000
National departments		2	2
Provincial departments		-	4
TOTAL	12	2	6

Cell phone claim for an official transferred to SAPS.

12.2 Recoverable expenditure

	Note	2022/23	2021/22
		R'000	R'000
Group major categories, but list material items			
Sal: Reversal Account		72	4
Sal: Tax Debt		70	-
TOTAL	12	142	4

Salary reversal on terminated political office bearers.

Department of Small Business Development – Vote 36

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

12.3 Staff debt

		2022/23	2021/22
	Note	R'000	R'000
Group major categories, but list material items			
Salary overpayment		73	71
Tax debt		30	22
Unauthorised travel debt		-	-
Tool of trade debt		23	-
TOTAL	12	126	93

Long outstanding debts were referred to LS to assist with the write-off processes.

12.4 Other receivables

		2022/23	2021/22
	Note	R'000	R'000
Group major categories, but list material items			
Fruitless and wasteful expenditure		3	
Grant incentives overpayments or non-performance		2 297	2 201
Bursary overpayment		49	72
TOTAL	12	2 349	2 273

Balance owing from overpayments to service providers related to the CIS and BBSDP; Legal Services is facilitating to have the debts transferred back to **the dtic**.

12.5 Impairment of receivables

		2022/23	2021/22
	Note	R'000	R'000
Estimate of impairment of receivables		2 297	2 201
TOTAL		2 297	2 201

Balance owing from overpayments to service providers related to the CIS and BBSDP; Legal Services is facilitating to have the debts transferred back to **the dtic**.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

13. Voted funds to be surrendered to the Revenue Fund

		2022/23	2021/22
	Note	R'000	R'000
Opening balance		13 845	18 608
Prior period error			
As restated		13 845	18 608
Transfer from statement of financial performance (as restated)		18 968	23 845
Add: Unauthorised expenditure for the current year		-	-
Voted funds not requested/not received	1.1	-	(10 000)
Paid during the year		(13 845)	(18 608)
CLOSING BALANCE		18 968	13 845

Funds not spent largely due to vacancies and delays in the delivery or ordered vehicles.

14. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

		2022/23	2021/22
	Note	R'000	R'000
Opening balance		28	3
Prior period error			
As restated		28	3
Transferred from statement of financial performance (as restated)		61	144
Paid during the year		(86)	(119)
CLOSING BALANCE		3	28

Commission on insurance and garnishee; interest earned

Department of Small Business Development – Vote 36

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

15. Payables - current

		2022/23	2021/22
	Note	R'000	R'000
Clearing accounts	15.1	28	144
Other payables	15.2	14 000	6 006
TOTAL		14 028	6 150

15.1 Clearing accounts

		2022/23	2021/22
	Note	R'000	R'000
Description			
Sal: Income Tax		10	26
Sal: GEHS Refund		15	118
Sal: Pension Fund		3	-
TOTAL	15	28	144

GEHS refund, tax, and pension on supplementary payment

15.2 Other payables

		2022/23	2021/22
	Note	R'000	R'000
Description			
Reconstruction Development Programme (Seda EU Programme)		14 000	6 006
TOTAL	15	14 000	6 006

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

16. Net cash flow available from operating activities

		2022/23	2021/22
	Note	R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		49 291	46 119
Add back non-cash/cash movements not deemed operating activities		(18 069)	(30 323)
(Increase)/decrease in receivables		(115)	26
(Increase)/decrease in prepayments and advances		(3 550)	(12 703)
(Increase)/decrease in other current assets		-	-
Increase/(decrease) in payables - current		7 878	5 590
Expenditure on capital assets		13 844	5 727
Surrenders to Revenue Fund		(13 931)	(18 727)
Surrenders to RDP Fund/Donors		(22 195)	(236)
Voted funds not requested/not received		-	(10 000)
Own revenue included in appropriation		-	-
Other non-cash items		-	-
NET CASH FLOW GENERATING		31 222	15 796

17. Reconciliation of cash and cash equivalents for cash flow purposes

		2022/23	2021/22
	Note	R'000	R'000
Consolidated Paymaster General account		32 361	23 086
Cash on hand		66	66
Cash with commercial banks (Local)		14 108	6 009
TOTAL		46 535	29 161

PMG balance (R45 mil. and outstanding payments R12.7 mil and Salary EBT control: R9.3thousand), petty cash R66 thousand and cash in commercial bank.

Department of Small Business Development – Vote 36

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

18. Contingent liabilities and contingent assets**18.1 Contingent liabilities**

			2022/23	2021/22
		Note	R'000	R'000
Liable to	Nature			
Claims against the Department		<i>Annex 2</i>	850	1 935
Other			-	-
TOTAL			850	1 935

Claim against the Department for unfair labour practice and non-payment of incentive claim.

18.2 Contingent assets

			2022/23	2021/22
		Note	R'000	R'000
Nature of contingent asset				
BBSDP Incentives			245	245
CIS Incentives			218	201
TOTAL			463	446

BBSDP:

Litigation matters inherited from **the dtic** (2016) where recovery processes were instituted against companies for fraudulent claims and benefits.

Fraudulent claims worth R245 thousand reported during the 2017/18 financial year the State Attorney is assisting the Department with the recovery process.

CIS:

The supplier was approved by the CIS adjudication Committee for the value of R201 thousand but failed to deliver the equipment. Legal Unit is handling the recovery process.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

19. Capital commitments

	Note	2022/23	2021/22
		R'000	R'000
Machinery and equipment		1 584	1 118
Intangible assets		-	-
TOTAL		1 584	1 118

Ministry vehicles ordered and not yet delivered at year end.

20. Accruals and payables not recognised.

20.1 Accruals

	Note	2022/23			2021/22
		30 Days	30+ Days	Total	Total
		R'000	R'000	R'000	R'000
Listed by economic classification					
Goods and services		1 989	710	2 699	3 086
Capital assets		14	-	14	12
Other					
TOTAL		2 003	710	2 713	3 098

	Note	2022/23	2021/22
		R'000	R'000
Listed by programme level			
Administration		1 997	2 210
Sector and Market Development		129	404
Development Finance		106	204
Enterprise Development		481	281
TOTAL		2 713	3 098

Department of Small Business Development – Vote 36

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

21. Employee benefits

	Note	2022/23	2021/22
		R'000	R'000
Leave entitlement		10 185	7 759
Service bonus		3 373	3 131
Performance awards		-	-
Capped leave		798	769
Other		87	11
TOTAL		14 443	11 671

Less leave days taken by officials in 2021/22 financial year. Other: long term service.

22. Lease commitments**22.1 Operating leases**

2022/23	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000
Not later than 1 year	1 778	-	1 778
Later than 1 year and not later than 5 years	-	-	-
Later than 5 years	-	-	-
Total lease commitments	1 778	-	1 778

2021/22	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000
Not later than 1 year	9 500	-	9 500
Later than 1 year and not later than 5 years	1 653	-	1 653
Later than 5 years	-	-	-
Total lease commitments	11 153	-	11 153

DPWI lease for block G and **the dtic** for block A ending 31 May 2023.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

22.2 Finance leases **

2022/23	Machinery and equipment	Total
	R'000	R'000
Not later than 1 year	1 646	1 646
Later than 1 year and not later than 5 years	1 585	1 585
Later than 5 years	-	-
Total lease commitments	3 231	3 231

2021/22	Machinery and equipment	Total
	R'000	R'000
Not later than 1 year	845	845
Later than 1 year and not later than 5 years	542	542
Later than 5 years	-	-
Total lease commitments	1 387	1 387

RT15 contract with Vodacom for provision of tools of trade (phones), and RT3 photocopy and printing machines contract with Minolta.

23. Unauthorised, Irregular and Fruitless and wasteful expenditure

	Note	2022/23	2021/22
		R'000	R'000
Unauthorised expenditure - current year		-	-
Irregular expenditure - current year		655	-
Fruitless and wasteful expenditure - current year		-	-
TOTAL		655	-

Settlement of service rendered on an irregularly awarded bid.

Department of Small Business Development – Vote 36

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

24. Related party transactions

DSBD has oversight responsibility over the following public and trading entities:

- Small Enterprise Development Agency (Seda)
- Small Enterprise Finance Agency (**sefa**)
- Transfers to **sefa** are still done by the Department of Trade Industry and Competition (**the dtic**)
- All transactions were at arm's length.

25. Key management personnel

		2022/23	2021/22
	Note	R'000	R'000
Political office bearers (provide detail below)		4 557	4 378
Officials:			
Level 15 to 16		8 875	6 597
Level 14 (incl.CFO if at lower level)		9 015	9 423
Family members of key management personnel		-	-
TOTAL		22 447	20 397

26. Provisions

		2022/23	2021/22
	Note	R'000	R'000
Shared Economic Infrastructure Programme - (Product Markets)		50 382	55 923
TOTAL		50 382	55 923

Shared Economic Infrastructure Programme - (Product Markets)

26.1 Reconciliation of movement in provisions - Current year

	Provision 1	Total provisions
	R'000	R'000
Opening balance	55 923	55 923
Increase in provision	67 713	67 713
Settlement of provision	(73 254)	(73 254)
CLOSING BALANCE	50 382	50 382

Department of Small Business Development – Vote 36

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

Reconciliation of movement in provisions - Prior year

	2021/22			
	Provision 1	Provision 2	Provision 3	Total provisions
	R'000	R'000	R'000	R'000
Opening balance	10 281	13 975	-	24 256
Increase in provision	340	-	85 988	86 328
Settlement of provision	(13 020)	(20 000)	(30 065)	(63 085)
Unused amount reversed	(1 994)	(10 645)	-	(12 639)
Reimbursement expected from third party	-	-	-	-
Change in provision due to change in estimation of inputs	4 393	16 670	-	21 063
CLOSING BALANCE	-	-	55 923	55 923

27. Movable Tangible Capital Assets**MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23				
	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	17 700		5 965	(737)	22 928
Transport assets	4 298		1 218	-	5 516
Computer equipment	6 144		4 466	(518)	10 092
Furniture and office equipment	3 209		-	(27)	3 181
Other machinery and equipment	4 049		281	(191)	4 138
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	17 700		5 965	(737)	22 928

Department of Small Business Development – Vote 36

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

Movable Tangible Capital Assets under investigation

		Number	Value
	Note		R'000
Included in the above total of the movable tangible capital assets per the asset register that are under investigation:			
Machinery and equipment		18	177
TOTAL		18	177

Assets reported stolen or lost and are under investigations.

27.1 Movement for 2021/22**MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022**

	2021/22				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	16 494	-	5 396	(4 190)	17 700
Transport assets	2 361	-	2 663	(726)	4 298
Computer equipment	7 290	-	357	(1 503)	6 144
Furniture and office equipment	3 265	-	-	(56)	3 209
Other machinery and equipment	3 578	-	2 376	(1 905)	4 049
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	16 494	-	5 396	(4 190)	17 700

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

27.2 Minor assets

MOVEMENT IN MINOR CAPITAL ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	2022/23					
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	1 044	-	1 044
Value adjustments					-	-
Additions	-	-	-	150	-	150
Disposals	-	-	-	(10)	-	(10)
TOTAL MINOR ASSETS	-	-	-	1 184	-	1 184

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	-	-	-
Number of minor assets at cost	-	-	-	487	-	487
TOTAL NUMBER OF MINOR ASSETS	-	-	-	487	-	487

Minor capital assets under investigation

	Note	Number	Value
			R'000
Included in the above total of the minor capital assets per the asset register that are under investigation:			
Machinery and equipment		4	11

Assets reported as lost or stolen.

Department of Small Business Development – Vote 36

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	Intangible assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000
Opening balance	-	1 363	-	1 363
Prior period error	-	-	-	-
Additions	-	21	-	21
Disposals	-	(340)	-	(340)
TOTAL MINOR ASSETS	-	1 044	-	1 044

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	-	-	-
Number of minor assets at cost	-	452	452
TOTAL NUMBER OF MINOR ASSETS	-	452	452

27.3 Movable tangible capital assets written off**MOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2023**

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Assets written off	-	12	12
TOTAL MOVABLE ASSETS WRITTEN OFF	-	12	12

MOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2022

	Intangible assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000
Assets written off	-	196	-	196
TOTAL MOVABLE ASSETS WRITTEN OFF	-	196	-	196

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

28. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	2022/23			
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
SOFTWARE	2 964	-	-	2 964
TOTAL INTANGIBLE CAPITAL ASSETS	2 964	-	-	2 964

28.1 Movement for 2021/22

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	2021/22				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	2 952	-	12	-	2 964
TOTAL INTANGIBLE CAPITAL ASSETS	2 952	-	12	-	2 964

28.1.1 Prior period error

	2021/22	
	Note	R'000
Relating to 2021/22		
WIP software incorrectly captured as software and disposed to DALRRD instead of WIP		2 477
TOTAL		2 477

Department of Small Business Development – Vote 36

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

28.2 Intangible capital assets: Capital Work-in-progress**CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2023**

		Opening balance 1 April 2022	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2023
	Note	R'000	R'000	R'000	R'000
Intangible assets	Annex 4	2 477	6 895	-	9 372
TOTAL		2 477	6 895	-	9 372

Development of Livestock tracking system and Digital Support Platform for Entrepreneurs database through EDSE.

CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2022

		Opening balance 1 April 2021	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2023
	Note	R'000	R'000	R'000	R'000	R'000
Intangible assets		-	-	2 477	-	2 477
TOTAL		-	-	2 477	-	2 477

Development of Livestock tracking system by DALRRD through EDSE funds

29. Broad Based Black Economic Empowerment performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

30. COVID 19 Response expenditure

		2022/23	2021/22
	Note	R'000	R'000
Compensation of employees		-	114
Goods and services		304	149
Other		-	-
TOTAL	Annex 4	304	263

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

Disinfection of office building.

31. Prior period errors

31.1 Correction of prior period errors

	Note	Amount bef error correction	Prior period error	Restated amount
Assets: (e.g. Receivables, Investments, Accrued departmental revenue, Movable tangible capital assets, etc.)				
Software development work in progress	28	-	2 477	2 477
Cash and cash equivalent	10	23 152	6 009	29 161
Receivables	12	96	(3)	93
NET EFFECT		23 248	8 483	31 731

	Note	Amount bef error correction	Prior period error	Restated amount
Liabilities: (e.g. Payables current, Voted funds to be surrendered, Commitments, Provisions, etc.)				
Payables current		-	6 006	6 006
NET EFFECT		-	6 006	6 006

	Note	Amount bef error correction	Prior period error	Restated amount
Other: (e.g. Unauthorised expenditure, Irregular expenditure, fruitless and wasteful expenditure, etc.)				
Key Management personnel: Advisors periodic payments not included in the AFS of 202122	25	5 767	830	6 597
Reconciliation of cash and cash equivalents for cash flow purposes	17	23 152	6 009	29 161
NET EFFECT		28 919	6 839	35 758

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

ANNEXURE 1A

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

	2022/23						2021/22	
	TRANSFER ALLOCATION				TRANSFER		Final Budget	Actual transfer
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred		
Departmental Agency or Account	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Seda Technology Programme	159 445	-	-	159 445	159 445	100%	156 525	156 525
Small Enterprise Development Agency	738 751	-	-	738 751	738 751	100%	666 091	666 091
Seda Capacity Building	16 171	-	-	16 171	16 171	100%	15 874	15 874
Gauteng Province Tourism Authority	-	-	-	-	-		300	300
Northern Cape Economic Development Agency	1 809	-	(400)	1 409	1 394	99%	3 172	3 171
SABC TV Licence	-	-	1	1	-	0%	-	-
TOTAL	916 176		(399)	915 777	915 761		841 962	841 961

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

ANNEXURE 1B

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

Name of Public Corporation / Private Enterprise	2022/23								2021/22	
	GRANT ALLOCATION				EXPENDITURE				Final Budget	Actual transfer
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of Available funds transferred	Capital	Current		
R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000	
Public Corporations										
Transfers	1 251 169	-	16 257	1 267 426	1 267 128	100.0%	-	1 267 128	1 485 929	1 485 929
Industrial Development Corporation- sefa	1 249 319	-	16 507	1 265 826	1 265 826	100.0%	-	1 265 826	1 483 879	1 483 879
Limpopo Economic Development Agency	-	-	-	-	-	-	-	-	300	300
Eastern Cape Development Corporation	1 450	-	-	1 450	1 182	81.5%	-	1 182	1 450	1 450
Free State Development Corporation	400	-	(250)	150	120	80.0%	-	120	300	300
TOTAL	1 251 169	-	16 257	1 267 426	1 267 128	100.0%	-	1 267 128	1 485 929	1 485 929
Subtotal: Public corporations	1 251 169	-	16 257	1 267 426	1 267 128	100.0%	-	1 267 128	1 485 929	1 485 929

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

Name of Public Corporation / Private Enterprise	2022/23								2021/22	
	GRANT ALLOCATION				EXPENDITURE				Final Budget	Actual transfer
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of Available funds transferred	Capital	Current		
R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Private Enterprises										
Transfers	95 126	-	(16 622)	78 504	78 346	99.8%	-	78 346	67 465	63 085
Black Business Supplier Development Programme	-	-	-	-	-	-	-	-	20 000	20 000
Cooperative Development Support Programme (CDSP)	5 250	-	-	5 250	5 092	97.0%	-	5 092	13 020	13 020
Product Markets	78 254	-	(5 000)	73 254	73 254	100.0%	73 254	-	34 065	30 065
Craft Customized Sector	11 622	-	(11 622)	-	-	-	-	-	380	-
TOTAL	95 126	-	(16 622)	78 504	78 346	99.8%	73 254	5 092	67 465	63 085
Subtotal: Private enterprises	95 126	-	(16 622)	78 504	78 346	99.8%	73 254	5 092	67 465	63 085
TOTAL	1 346 295	-	(365)	1 345 930	1 345 474	100.0%	73 254	1 272 220	1 553 394	1 549 014

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

ANNEXURE 1C

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

	2022/23						2021/22	
	TRANSFER ALLOCATION				EXPENDITURE		Final Budget	Actual transfer
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred		
Non-profit Institutions	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers								
Cape Craft & Design Institute	3 963	-	-	3 963	3 963	100%	2 707	2 707
Bokone Craft Design Institute	4 000	-	650	4 650	4 650	100%	2 707	2 707
TOTAL	7 963	-	650	8 613	8 613		5 414	5 414
TOTAL								
	7 963	-	650	8 613	8 613		5 414	5 414

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

ANNEXURE 1D

STATEMENT OF TRANSFERS TO HOUSEHOLDS

	2022/23						2021/22	
	TRANSFER ALLOCATION				EXPENDITURE		Final Budget	Actual transfer
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred		
Household	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers								
Employee Social Benefit	82	-	942	1 024	1 022	100%	1 261	1 197
Other Transfers	-	-	100	100	100	100%	-	-
TOTAL	82	-	1 042	1 124	1 122		1 261	1 197
TOTAL	82	-	1 042	1 124	1 122		1 261	1 197

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

ANNEXURE 1E

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

Name of organisation	Nature of gift, donation or sponsorship	2022/23	2021/22
		R'000	R'000
Received in cash		-	-
Received in kind			
Entrepreneurship Development in Higher Education	Portable Speaker	-	1
Implementing Agency (Seda)	Four-Wheel Hard-Shell Business carry bag	-	3
She Trades Delegations	Wine and Chocolates	1	-
SUBTOTAL		1	4
TOTAL		1	4

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

ANNEXURE 1F

STATEMENT OF AID ASSISTANCE RECEIVED

Name of donor	Purpose	Opening balance	Revenue	Expenditure	Paid back on / by 31 March	Closing balance
		R'000	R'000	R'000	R'000	R'000
Received in cash						
European Union	The employment promotion through SMME's support programme	22 195	58 158	27 896	22 195	30 262
SUBTOTAL		22 195	58 158	27 896	22 195	30 262
Received in kind						
		-	-	-	-	-
TOTAL		22 195	58 158	27 896	22 195	30 262

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

ANNEXURE 2

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2023

Nature of liability	Opening balance 1 April 2022	Liabilities incurred during the year	Liabilities paid / cancelled / reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2023
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Unfair labour practice	590	60	-	-	650
Nkosiyami Trading/Minister of Small Business	760	200	(760)	-	200
SUBTOTAL	1 350	260	(760)	-	850
TOTAL	1 350	260	(760)	-	850

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

ANNEXURE 3

CLAIMS RECOVERABLE

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2022/23	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022	31/03/2023	31/03/2022	Receipt date up to six (6) working days after year end	Amount
Government entity	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
South African Police Service	-	-	2	2	2	2		
Gauteng Social Development	-	4	-	-	-	4		
SUBTOTAL	-	4	2	2	2	6		
Other Government Entities	-	-	-	-	-	-		
TOTAL	-	4	2	2	2	6		

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

ANNEXURE 4

MOVEMENT IN CAPITAL WORK IN PROGRESS

Movement in capital work in progress for the year ended 31 March 2023

	Opening balance	Current year CWIP	Ready for use (Asset Register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000
SOFTWARE				
Software	2 477	6 895	-	9 372
TOTAL	2 477	6 895	-	9 372

WIP software incorrectly captured as software and disposed to DALRRD instead of WIP

Movement in capital work in progress for the year ended 31 March 2022

	Opening balance	Prior period error	Current year CWIP	Ready for use (Asset Register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000	R'000
Mineral and similar non-regenerative resources					
SOFTWARE					
Software	-	-	2 477	-	2 477
TOTAL	-	-	2 477	-	2 477

WIP software incorrectly captured as software and disposed to DALRRD instead of WIP

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

ANNEXURE 5

INTERENTITY ADVANCES PAID (Note 11)

Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	R'000	R'000	R'000	R'000	R'000	R'000
National Departments						
Department of International Relations and Cooperation	613	-	-	500	613	500
Department of Agriculture, Land Reform and Rural Development	-	-	14 270	12 199	14 270	12 199
SUBTOTAL	613	-	14 270	12 699	14 883	12 699
Provincial Departments	-	-	-	-	-	-
Public Entities						
Small Enterprise Development Agency	855	-	-	-	855	-
Council for Scientific and Industrial Research- (CSIR-)	520	-	-	-	520	-
SUBTOTAL	1 375	-	-	-	1 375	-
Other Entities	-	-	-	-	-	-
TOTAL	1 988	-	14 270	12 699	16 258	12 699

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

ANNEXURE 6

COVID-19 RESPONSE EXPENDITURE

Per quarter and in total

Expenditure per economic classification	2022/23					2021/22
	Q1	Q2	Q3	Q4	Total	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	-	-	-	-	-	114
Goods and services	61	203	41	-	304	149
List all applicable SCOA level 4 items						
Property payments	61	203	41	-	304	149
TOTAL COVID-19 RESPONSE EXPENDITURE	61	203	41	-	304	263

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