



Department of Small Business Development

# ANNUAL REPORT

# 2018/19

VOTE NO. 31



**small business  
development**

Department:  
Small Business Development  
REPUBLIC OF SOUTH AFRICA



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# PART A:

## GENERAL INFORMATION



# 1. DEPARTMENT GENERAL INFORMATION

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## 2. LIST OF ABBREVIATIONS/ACRONYMS

<b>ADG</b>	Acting Director-General
<b>AGSA</b>	Auditor-General of South Africa
<b>APP</b>	Annual Performance Plan
<b>ARC</b>	Audit and Risk Committee
<b>B-BBEE</b>	Broad-based Black Economic Empowerment
<b>BBSDP</b>	Black Business Supplier Development Programme
<b>BEE</b>	Black Economic Empowerment
<b>CDA</b>	Co-operatives Development Agency
<b>CFO</b>	Chief Financial Officer
<b>CIS</b>	Co-operatives Incentive Scheme
<b>DFIs</b>	Development Finance Institutions
<b>DG</b>	Director-General
<b>DDG</b>	Deputy Director-General
<b>DIRCO</b>	Department of International Relations and Cooperation
<b>DPME</b>	Department of Planning, Monitoring and Evaluation
<b>DPSA</b>	Department of Public Service and Administration
<b>DSBD</b>	Department of Small Business Development
<b>EDD</b>	Enterprise Development Division
<b>EHW</b>	Employment Health and Wellness
<b>EIP</b>	Enterprise Incubation Programme

<b>ENE</b>	Estimate of National Expenditure
<b>Exco</b>	Executive Committee
<b>GEMS</b>	Government Employees Medical Scheme
<b>GTAC</b>	Government Technical Advisory Centre
<b>HCT</b>	HIV Counselling and Testing
<b>HDI</b>	Historically Disadvantaged Individual
<b>ICT</b>	Information and Communication Technology
<b>IDC</b>	Industrial Development Corporation
<b>IDP</b>	Integrated Development Plan
<b>IT</b>	Information Technology
<b>IGR</b>	Inter-Governmental Relations
<b>IMEDP</b>	Informal Micro Enterprise Development Programme
<b>IPAP</b>	Industrial Policy Action Plan
<b>LED</b>	Local Economic Development
<b>LM</b>	Local Municipality
<b>MINEXCO</b>	Ministers' Meetings with the Executive Committee (Exco)
<b>MMS</b>	Middle Management Service
<b>MOA/ U</b>	Memorandum of Agreement/ Understanding
<b>MP</b>	Member of Parliament
<b>MPAT</b>	Management Performance Assessment Tool

<b>MPSA</b>	Minister of Public Service and Administration
<b>MTSF</b>	Medium Term Strategic Framework
<b>NDP</b>	National Development Plan, Vision 2030
<b>NGP</b>	New Growth Path
<b>NIBUS</b>	National Informal Business Upliftment Strategy
<b>NIPF</b>	National Industrial Policy Framework
<b>NMOS</b>	National Macro Organisations of the State
<b>NRF</b>	National Research Foundation
<b>NSBA</b>	National Small Business Act
<b>NT</b>	National Treasury
<b>OHS</b>	Occupational Health and Safety
<b>OHSA</b>	Occupational Health and Safety Act
<b>OSD</b>	Occupation Specific Dispensation
<b>PFMA</b>	Public Finance Management Act
<b>PIP</b>	Performance Improvement Plan
<b>PPPFA</b>	Preferential Procurement Policy Framework Act
<b>PPPs</b>	Public Private Partnerships
<b>PSR</b>	Public Service Regulations
<b>PWD</b>	People With Disability

<b>RDP</b>	Reconstruction Development Programme
<b>REMC</b>	Risk and Ethical Management Committee
<b>RTRP</b>	Red Tape Reduction Programme
<b>SBD</b>	Small Business Development
<b>SCM</b>	Supply Chain Management
<b>SCOPA</b>	Standing Committee On Public Accounts
<b>SDIP</b>	Service Delivery Improvement Plan
<b>Seda</b>	Small Enterprise Development Agency
<b>sefa</b>	Small Enterprise Finance Agency
<b>SEIF</b>	Shared Economic Infrastructure Facility
<b>SETA</b>	Sector Education and Training Authority
<b>SITA</b>	State Information Technology Agency
<b>SMMEs</b>	Small, Medium and Micro Enterprises
<b>SMS</b>	Senior Management Service
<b>SONA</b>	State of the Nation Address
<b>SSA</b>	State Security Agency
<b>STP</b>	Seda Technology Programme
<b>the dti</b>	Department of Trade and Industry

### 3. FOREWORD: MINISTER FOR SMALL BUSINESS DEVELOPMENT



**Ms Khumbudzo Ntshavheni, MP**  
*Minister for Small  
Business Development*

The Annual Report of the Department of Small Business Development for the 2018/19 financial year records the achievements made over the 2014 - 19 Medium Term Strategic Framework (MTSF). This report also marks the 5<sup>th</sup> Annual Report of the Department since it was established in 2014 as part of the goals and priorities of the 5<sup>th</sup> administration, and informed by the aspirations of the National Development Plan (NDP). In its infancy, the Department focused on the task of consolidating its mandate whilst establishing systems for basic operations and functioning.

Over the last five years, a notable undertaking of the Department was the prioritisation of the Red Tape Reduction Programme (RTRP). In the year under review, 30 municipalities were assisted to roll out the RTRP, whereas the total municipalities assisted over the MTSF is 33 districts and municipalities, and 136 local municipalities. The cumbersome regulatory processes are some of the key inhibitors to the development of SMMEs, and the Department will also intensify efforts in the reduction of red tape as part of the priorities of the 6<sup>th</sup> administration.

The bulk of the Department's budget (over R840 million) was transferred to the Small Enterprise Development Agency (Seda), whereas over R350 million was utilised

internally for grants. On the grants implemented by the Department, there has been a 50.5% under-expenditure on the Co-operatives Incentives Scheme (CIS). This, amongst others, necessitated the review of the Department's approach to grants in general and the funding of Co-operatives in particular, and the response has been the introduction of the blended finance model of SMME funding in the 6<sup>th</sup> administration.

Through Seda, the Department made substantial headway in supporting SMMEs including Co-operatives, with over 4700 enterprises and 350 co-operatives receiving general business support. In addition, 2 860 entrepreneurs participating on the incubation programme, which has seen 199 entrepreneurs graduating from the incubation. Whereas Seda has trained over 12 000 learners on entrepreneurship, this programme will be continued by the Department of Basic Education in their normal course of delivering quality education in our schools. Overall, the work of Seda has contributed to the sustenance of over 19 000 jobs and helped to create over 6 400 jobs within the SMME sector, thereby increasing the total turnover of supported enterprises to R1.7 billion. It is in this regard, that the Department has committed to re-orient Seda to become the lead incubator of South Africa; coordinating the incubation efforts of both Government and the private sector with set national incubation and enterprise/supplier development targets.

In addition, the Small Enterprise Finance Agency (sefa) extended financial support to enterprises based in the rural areas and villages to the tune of R549 million during the 2018/19 financial year. sefa further supported women owned businesses to the value of R482 million and black-owned enterprises received R897 million. The lack of special funding focus on youth-owned enterprises has necessitated the introduction of the One-Hundred-Thousand-Young-Entrepreneurs programme that will be rolled out over the first 3 years of 2019 - 2014 MTEF.

The performance of both Seda and sefa, through the support of the Department has pointed to a need for improved coordination between the Department and its two agencies, and the elimination of duplication. For instance, initiatives to support SMMEs and Co-operatives had better reach when implemented through the agencies.



This has also necessitated a need for direct budget transfer to sefa as the financial support implementing agency of the Department. In this regard, sefa is the designated implementing agent for the Department's Small Business Innovation Fund (SBIF), which will expend almost R3.2 billion over the MTEF period.

As we note and appreciate the performance of the Department in the 2018/19 financial year, we must celebrate that once again, the Department has achieved an unqualified audit opinion. We are determined that the Department continues on the solid foundation that was laid in the past five years, but improves on the execution of its mandate. During the 6th administration, the Department will focus on stronger coordination of SMME and Co-operatives support (both financial and non-financial), policy direction and the agenda setting role for the two agencies, Government and private sector programmes of enterprise/ supplier development and SMME funding. This will be achieved through utilising integrated service provision for SMMEs like the One-Stop-SMME platform that will be launched in the 2019/2020 financial year.

The confidence we have in terms of the way forward, would not be possible if it was not for the tireless efforts of our predecessors, Minister Lindiwe Zulu and Deputy Minister Cassel Mathale in steering this ship during the year under review. The commitment and agility of our acting Director-General, Lindokuhle Mkhumane and his team has enabled the good performance of the Department and the smooth transition to the priorities of the 6th administration under the new stewardship of both myself and the Deputy Minister Rosemary Capa. We also look forward to the valuable contributions and robust oversight work of our Portfolio Committee on Small Business Development and the relevant Select Committee of the NCOP, as we implement the mandate and priorities of the 6th administration.



**Khumbudzo Ntshavheni, MP**

*Minister for Small Business Development*

## 4. STATEMENT BY THE DEPUTY MINISTER



**Ms Rosemary Capa, MP**  
*Deputy Minister for Small  
Business Development*

One of the outcome goals set by the Department was that of ensuring equitable access to responsive and targeted products and services that enable the growth and development of SMMEs and Co-operatives. In this regard, the Department has made meaningful progress in ensuring that there is policy and planning coherence that promotes an enabling ecosystem for Co-operatives, in response to the Co-operatives Amendment Act (No. 6 of 2013) as well as the Co-operatives Strategy (2012). These indicate that Provincial Co-operatives Strategies should be developed by provinces in alignment with the National Co-operatives Strategy, the Co-operatives Act and the respective Provincial Economic Development Strategies. To this end, Mpumalanga and Northern Cape were supported to develop aligned provincial co-operatives strategies and this was to ensure that there is an integrated approach to planning, monitoring and evaluation of co-operative development, resulting in effective and efficient implementation of interventions and programmes.

The decentralised approach towards co-operatives development, as encapsulated in the Co-operatives Amendment Act and the Co-operatives Strategy, supports the principle of co-operative government with the implementation of:

- (a) coherent government;
- (b) effective provision of services;
- (c) monitoring implementation of policy and legislation; and

(d) realisation of national priorities; which facilitates the co-ordination to implement the policy and legislation within the three spheres of government as stipulated within Chapter 3 of the Constitution.

By working with provinces and municipalities, the Department was able to gain the necessary support and resources required by co-operatives in those specific locations, and to report coherently about their contribution in the economy. In the period under review, the department supported five district municipalities in relation to the Integrated Development Plan (IDP) namely Xhariep, Lejweleputswa, Fezile Dabi, Ilembe and Kenneth Kaunda Districts.

Although the lack of/absence of market opportunities has been identified as one of the key challenges faced by co-operatives, the Department leveraged on partnerships to provide linkages to markets. For the period under review, 231 co-operatives were linked to market and procurement opportunities within the public sector, state-owned entities and the private sector.

Considering the learnings obtained in the period under review, it became important to ensure that impact measurement of outcomes be implemented; this highlighted the urgency of developing a master plan which is to be unveiled in the course of the 2019/2020 financial year.

Lastly, to effectively respond to the needs of both SMMEs and co-operatives, the master plan envisaged as one of the key projects of the Department in the 2019/2020 financial year, will equitably fulfil these needs, based on critical diagnosis and analysis to arrest these challenges. This could not have come at a better time.

I thank you.

A handwritten signature in black ink, appearing to read 'R. Capa'.

**Ms Rosemary Capa, MP**

*Deputy Minister for Small Business Development*

# 5. REPORT OF THE ACCOUNTING OFFICER



**Mr Lindokuhle Mkhumane**  
*Acting Director-General for Small  
Business Development*

## 5.1 Overview of the Operations of the Department

The 2018/19 Annual Report marks the fifth year since the Department was established in July 2014 and mandated to lead an integrated approach to the promotion and development of small businesses and Co-operatives through a focus on the economic and legislative drivers that stimulate entrepreneurship to contribute to radical economic transformation, (that will lead to increased employment, poverty reduction and reduced inequality). To implement the mandate effectively, the Department undertook a review of the organisational structure which was internally approved in November 2018; however, on the advice of the Department of Public Service and Administration the process was placed on hold pending the National Macro Organisation of the State (NMOS).

The key operational focus for the Department guided by the approved budget structure are Sector Policy and Research, Integrated Co-operatives Development and Enterprise Development and Entrepreneurship as well as Administration.

### SECTOR POLICY AND RESEARCH

The work on reducing regulatory burdens and a conducive legislative and policy environment for SMMEs and Co-operatives entailed continuing to assist municipalities to roll out the Red Tape Reduction Programme (RTRP) in 30 municipalities. Annually the Department undertakes assessments on the effectiveness of the RTRP in the selected municipalities and during this current financial year, three red tape municipal action plans were concluded. Through Programme 2, the Department continued to coordinate and provide secretariat support to National Coordinating Forums on small business development and Co-operatives.

A key new assignment which the Department undertook in the period under review was the revision of the Schedule 1 of the National Small Business Act which was gazetted. The Department also undertook an annual programme evaluation focused on market access.

The National Development Plan, Vision 2030 (NDP) stipulates that the fragmented nature of the small business environment (ecosystem), with different institutions providing independent support ultimately compromises the impact. To respond to this observation, the Department initiated a process to develop National Accord to drive small business mandate, and in the period under review, consultations were held with both public and private sector. The outcome of the engagements culminated in parties agreeing on priority areas for collaboration as follows:

- Procurement and compliance to 30-day payment
- Finance and cost of doing business
- Affordable business premises and data availability
- Skills Development
- South Africa Day of Buying from Small Businesses

## INTEGRATED CO-OPERATIVES DEVELOPMENT

One of the strategic objectives assigned to this programme was to ensure an integrated approach to planning, monitoring and evaluation of the Co-operatives sector to inform policy decision making and to that end, the Department convened Co-operatives forums to ensure a shared and common vision and prioritise across the Co-operatives sector. Under this programme the Department supported municipalities to integrate Co-operatives development into their Integrated Development Plans (IDPs) as they have a bigger impact in the economic development of a broader community.

One of the projects supported through this programme (New Generation Co-operative) produced 887 tons of tomato during 2018 harvested and delivered all this produce to Alljoy. During this harvest all members of the Co-operatives made a total turnover of over R1.5 million, creating 112 jobs.

## ENTREPRENEURSHIP DEVELOPMENT AND ENTERPRISE DEVELOPMENT

A total of 1 922 informal business against the annual target of 1 000 were supported through the Informal Micro Enterprise Development Programme (IMEDP). The sterling performance is attributed to the partnerships with Business Chambers and Associations. R18 million aimed at supporting SMMEs was leveraged against the annual target of R5 million and this milestone was a result of the collaboration between the DSBD, the Small Enterprise Finance Agency (sefa) and Coca-Cola.

DSBD is a National State function, which has no concurrent jurisdiction with any multi-level jurisdiction, thus to drive the enterprise development, the Department needed to establish Inter-Governmental Relations (IGR) Forums to promote policy coherence in the SMMEs sector. As at the end of the reporting year, four IGR forums

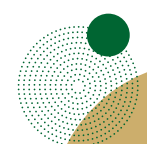
were conducted. To ensure equitable access to targeted products and services to enable growth and development of SMMEs, seven Informal Business Infrastructure partnerships. Through this programme the Department has supported 505 SMMEs through the Black Business Supplier Development Programme (BBSDP).

As a coordinator of the ecosystem the Department was able in partnership with the key stakeholders developed a discussion paper to document the status quo, options, processes and role players to justify the need for Business Advisory Services. This work was done to enable the Department in the following year to finalise the framework of standards for professionalisation of Business Advisory Services which will ensure that small businesses receive quality and professional business development services.

Through its Craft Customised Sector Programme, the Department was able to support 1 907 crafters. These crafters received enterprise development support as well as market access support.

## ADMINISTRATION

The Department was able to obtain an unqualified audit opinion for both financial and non-financial performance for the period under review. The Department managed to process 12 401 invoices to eligible creditors amounting to R75 390 787.71 and 1 496 incentives payments amounting to R357 418 146.97 at an average of 10 days of receipt. None were paid after 30 days of receipt. In promoting and raising awareness of about the work and offerings of the DSBD, through Marketing and Communications, 39 interactions with communities and public were facilitated. The Department through this programme was able to exceed the government-wide 50% target of women representation at senior management level with the achievement sitting at 53.8%. The Department also kept the vacancy rate at 7.7% which is way below the acceptable 10% vacancy rate in government.



## CONCLUSION

It is notable that performance in the period has taken a deep compared to previous year's performance and measures to improve performance has been instituted through monthly review of incentives schemes progress at Management and Executive Committee meetings. The Department's performance in relation to BBSDP and CIS remains a concern and challenges experienced during the implementation period is being addressed. Furthermore, some of the activities in relation to ICT were deferred to the next financial year given the period we were in where the fifth administration was drawing to a close and Department were advised to be cautious in investing in long-term projects in case the departments were going to be affected by the reconfiguration of the state. With the APP monitoring tool envisaged to be piloted next year, greater accountability and improved performance environment is expected to enhance the quality of reporting and the evidence to support the reported performance.

## 5.2 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 R1.3 million and which was transferred to the National Revenue Fund (NRF). The revenue collected was derived from Interest earned on the Industrial Development Corporation (IDC) transfer worth R1.1 million, sale of motor vehicle (R175 thousand), refund for GEMS overpayments (R44 thousand), commission earned on deductions (R31 thousand), rental from parking (R25 thousand) and Interest on bank accounts (R1 thousand). The table details funds collected.

	2018/19			2017/18		
	Estimate	Actual amount collected	(Over)/Under collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
<b>DEPARTMENTAL RECEIPTS</b>						
Sale of goods and services other than capital assets	60	57	3	68	52	17
Interest, dividends and rent on land	2	1	1	-	2	(2)
Sale of capital assets	-	175	(175)	-	-	-
Financial transactions in assets and liabilities	50	1 096	(1 046)	141	497	(356)
<b>TOTAL</b>	<b>112</b>	<b>1 329</b>	<b>(1 217)</b>	<b>210</b>	<b>552</b>	<b>(342)</b>

## Programme Expenditure

PROGRAMME NAME	2018/2019			2017/2018		
	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
1. Administration	127 940	125 451	2 489	119 711	116 999	2 712
2. Sector Policy and Research	21 012	17 023	3 989	17 324	16 748	576
3. Integrated Co-operatives Development	121 775	75 278	46 497	99 296	99 204	92
4. Enterprise Development and Entrepreneurship	1 217 726	1 201 766	15 960	1 239 339	1 226 533	12 806
<b>TOTAL</b>	<b>1 488 453</b>	<b>1 419 518</b>	<b>68 935</b>	<b>1 475 670</b>	<b>1 459 484</b>	<b>16 186</b>

The Department spent 95.4% (R1.420 billion) of the adjusted budget of R1.488 billion resulting in under expenditure of R69 million (4.6%).

**Compensation of Employees** – Expenditure was R133 million (95.4%) against the overall budget of R140.6 million which constitutes an underspending of R7.6 million (5.4%).

**Goods and services** – Expenditure was R73.6 million (93.3%) against the overall budget of R78.9 million which constitutes an under-spending of R5.3 million (6.7%).

**Capital asset** – Expenditure was R6.5 million (98.5%) against the overall budget of R6.6 million which constitutes an underspending of R98 thousand (1.5%).

**Transfers and Subsidies** – Expenditure was R1.206 billion (95.6%) against the overall budget of R1.262 billion, which constitutes an underspending of R55.9 million (4.4%).

Significant costs drivers were transfers to Seda (R840.089 million) and internally implemented grants (R355.703 million), operating leases for office space and pool cars (R20.4 million), travel and accommodation for official trips undertaken (R20.8 million), regulatory and forensic audits by the Auditor-General (R5.3 million), computer services for SITA Desktop support services and Microsoft licencing (R7 million) and consultancy services (R5.5 million).

Significant underspending at a monetary level occurred on Transfers and Subsidies (R55.9 million). The underperforming grants were the **CIS** that underspent by R42.1 million (50.5%), the **BBSDP** that underspent by R13.2 million (4.9%) and **NIBUS** underspent by R496 thousand (0.9%).

The underlying reasons being the non-compliance to the incentives guidelines and challenges with the IT system. Goods and services contributed to underspending mainly as a result of delays in finalising the research projects (R2.2 million), outstanding travel and subsistence vouchers. Whilst the 7.7% vacancy rate contributed to the underspending in Compensation of Employees.



## Appropriation of Budget

PROGRAMME NAME	2018/2019			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation
	R'000	R'000	R'000	
1. Administration	127 121	-	819	127 940
2. Sector Policy and Research	22 447	-	(1 435)	21 012
3. Integrated Co-operatives Development	115 017	-	6 758	121 775
4. Enterprise Development and Entrepreneurship	1 223 868	-	(6 142)	1 217 726
<b>TOTAL</b>	<b>1 488 453</b>	<b>-</b>	<b>-</b>	<b>1 488 453</b>

The Department did not apply for any funds to be rolled over. During the 2018/19 financial year, the Department implemented the virements (refer to table above) in accordance with section 43 of the Public Finance Management Act No.1 of 1999 (PFMA) and reported to National Treasury (NT).

### Reasons for the virement:

The Administration Programme required R819 thousand to ease the pressure on Machinery and Equipment which was provided by Sector Policy and Research programme. The Department acquired ergonomic chairs, air conditioners and CIS software.

The Sector Policy and Research Programme eased off an overall pressure of R1.552 million that was required by the Administration Programme (R819 thousand), Enterprise Development and Entrepreneurship Programme (R718 thousand) and Integrated Co-operatives Development programme (R15 thousand). At the same time the Enterprise Development and Entrepreneurship Programme contributed R117 thousand to ease the pressure on Compensation of Employees in this Programme. This resulted in a net outflow of R1.435 million).

The Integrated Co-operatives Development Programme required an overall relief of R6.758 million which was applied to Compensation of Employees (R6.025 million), Goods and services (R718 thousand) and Machinery and Equipment (R15 thousand). The programmes that eased the pressure were Enterprise Development and Entrepreneurship (R6.025 million) and Sector Policy and Research Programme (R15 thousand).

The Enterprise Development and Entrepreneurship Programme eased off an overall pressure of R6.142 million on Sector Policy and Research Programme (R117 thousand) and Programme Three (R6.025 million).

## FUTURE PLANS OF THE DEPARTMENT

The main focus of the Department in short to medium term will be on the introduction of key interventions that are geared towards improving SMMEs sustainability with the overall to increase SMME contribution to GDP from 35% to 50% by 2024. The below mentioned interventions will be implemented as follows:

### ACCESS TO FINANCE

- Introduction of the blended financing model for Development Finance Institutions (DFIs) and private finance institutions. The blended financing model involves the mixing of grants and with loans; the aim being to lower the cost of capital for borrowers, increase access to finance and improve the chances for business sustainability.
- Positioning DFIs more accessible for SMMEs by adopting and using common application templates for both funding and technical support. The common templates will make it easier for SMMEs to master the application processes of various DFIs.

### SMME BUSINESS DEVELOPMENT SUPPORT

- To develop and introduce a standard incubator model based on best practice that will be a minimum framework for incubation in South Africa.
- Adopt an SMME Business Index that tracks economic health of SMMEs and measure the impact of various SMME support programmes and interventions.
- Creating a One-Stop-SMME support platform to improve communication of the Government support and enable seamless access to support: we plan to establish this platform for businesses to access both financial and non-financial support. The One-Stop-SMME Platform will include Walk-In option, online access (including through social media) and call centre access. Linked to the SMME Database.

Matter on the finalisation of the amendment of the National Small Business Act (No. 102 of 1996), anticipate submitting a bill to the Executive Authority during 2019 / 20 financial year. To date amendments to Schedule 1 of the National Small Enterprises Act has been gazetted.

### PUBLIC PRIVATE PARTNERSHIPS (PPPS)

The Department did not enter into or participate in any PPPs contracts for the period under review.

### DISCONTINUED ACTIVITIES/ ACTIVITIES TO BE DISCONTINUED

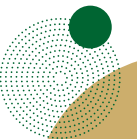
Two ICT Systems projects that were meant to be implemented in the period under review were deferred (discontinued) and will be implemented in the next financial year.

### UNAUTHORISED, IRREGULAR AND FRUITLESS AND WASTED EXPENDITURE

The Department had two cases of irregular expenditure amounting to R740 thousand as a result of an omission of local content threshold on request for quotation (R474 thousand) and using the month to month clause on the Travel Management Contract without Accounting Officer's approval (R266 thousand).

### SUPPLY CHAIN MANAGEMENT

No unsolicited bid proposals were concluded by the Department. There has been a partial establishment of the Supply Chain Management (SCM). The Department has a duly appointed standing Bid Adjudication Committee. The Bid Specification and Evaluation Committees are appointed as and when there is need. The SCM unit is





not capacitated with the Bid Administration unit. Officials from other units such as the system controller have been roped in to assist with secretariat function.

## GIFTS AND DONATIONS

Gifts and donations received from non-related parties are disclosed Part E of financial information.

## EXEMPTION AND DEVIATIONS RECEIVED FROM NATIONAL TREASURY

The Department did not request any exemption from PFMA/Treasury Regulations. There were 4 requests to deviate from normal procurement procedures amounting to R3 445 533.44 where support was received for 2 worth R2 654 380. The other 2 worth R791 153.44 were not supported.

## EVENTS AFTER THE REPORTING YEAR

None.

## 5.3 Acknowledgements

I wish to extend my sincere gratitude to the former Minister Lindiwe Zulu and Deputy Minister Mr Cassel Mathale for the support provided in the period under review. The

firm guidance, support and uncompromising quest for standards by the Audit and Risk Committee was invaluable and is appreciated.

I also extend my sincere appreciation to both Minister Khumbudzo Ntshavheni and Deputy Minister Rosemary Capa for their valuable contribution towards preparation and finalisation of the 2018/19 Annual Report. The support has been immense and could not have come at a better time, with the transition from the 5th to the 6th Administration. Their fair and objective assessment of the Department's performance through scrutiny of this Annual Report dictates a distinct change; particularly in areas of continuous underperformance, if we are indeed to change the material condition of our people.

I further wish to thank all staff for their commitment and dedication in ensuring that the Department does not only execute its mandate, but that it makes an impact on the improvement of the lives of South Africans by striving towards building a conducive environment for small businesses and Co-operatives to thrive in this difficult economic environment. While we have a long way to go, together we have journeyed from being unsure of our mandate, to building a confident community of small business and Co-operatives ecosystem builders. Thank you.



**Lindokuhle Mkhumane**

*Acting Director-General*

*Department of Small Business Development*

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

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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 E) 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 judgments 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 2019.



**Lindokuhle Mkhumane**

*Acting Director-General*

*Department of Small Business Development*



## 7. STRATEGIC OVERVIEW

### 7.1 MANDATE

To lead and coordinate an integrated approach to the promotion and development of entrepreneurship, small businesses and Co-operatives, and ensure an enabling legislative and policy environment to support their growth and sustainability.

### 7.2 VISION

A radically transformed economy through integrated and effective enterprise development and entrepreneurship promotion.

### 7.3 MISSION

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

### 7.4 VALUES

Values	
<b>Innovation</b>	<p>Living this value means that we will seek to:</p> <ul style="list-style-type: none"> <li>• Display a commitment to being “radical” in what we do;</li> <li>• Foster innovative ideas and solutions in order to deliver exceptional results; and</li> <li>• Continuously seek new and better ways to serve our clients.</li> </ul>
<b>Integrity</b>	<p>Living this value means that we will seek to:</p> <ul style="list-style-type: none"> <li>• Consistently honour our commitments;</li> <li>• Uphold ethical, honest behaviour;</li> <li>• Ensure open and transparent communication; and</li> <li>• Behave with integrity in all our actions, always acting in the best interest of the organisation.</li> </ul>

Values	
<b>Professionalism</b>	<p>Living this value means that we will seek to:</p> <ul style="list-style-type: none"> <li>• Serve with utmost respect, competence and professionalism;</li> <li>• Display punctuality, reliability, dependability and a commitment to meet deadlines; and</li> <li>• Cooperate with all role players.</li> </ul>
<b>Customer Centric</b>	<p>Living this value means that we will seek to:</p> <ul style="list-style-type: none"> <li>• Place customer service excellence at the centre of everything we do;</li> <li>• Create a nurturing environment by partnering with our clients and employees, and in the way in which we care and support them;</li> <li>• Always be available and accessible in providing public services to our society; and</li> <li>• Understand customer needs and respond timeously, efficiently and effectively to customer queries and requests.</li> </ul> <p>Living this value means that we will seek to:</p> <ul style="list-style-type: none"> <li>• Place customer service excellence at the centre of everything we do;</li> <li>• Create a nurturing environment by partnering with our clients and employees, and in the way in which we care and support them;</li> <li>• Always be available and accessible in providing public services to our society; and</li> <li>• Understand customer needs and respond timeously, efficiently and effectively to customer queries and requests.</li> </ul>
<b>Commitment</b>	<p>Living this value means that we will seek to:</p> <ul style="list-style-type: none"> <li>• Do what is needed to get the work done;</li> <li>• Be selfless, resolute, purposeful and steadfast;</li> <li>• Be committed to efforts of job creation, alleviating poverty and reducing inequality; and</li> <li>• Display a solution-driven attitude and commitment to serve.</li> </ul>

## 8. LEGISLATIVE AND OTHER MANDATES

### 8.1 CONSTITUTIONAL MANDATE

The Department and its public entities derives its primary mandate from the Constitution of the Republic of South Africa, Act 108 of 1996, and in particular<sup>1</sup>:

**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:

- 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;
- 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.

### 8.2 LEGISLATIVE MANDATE AND OTHER MANDATES

Legislation	Purpose
<b>National Small Business Act</b> , (No.102 of 1996) amended 2004 and thereafter referred to as the National Small Business Amendment Act, (No. 29 of 2004)	To provide for the establishment of the National Small Business Advisory Council and the Small Enterprise Development Agency, to provide guidelines for organs of state to promote small business in the Republic and provide for matters incidental thereto.
<b>Co-operatives Act</b> , (No. 14 of 2005)	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.

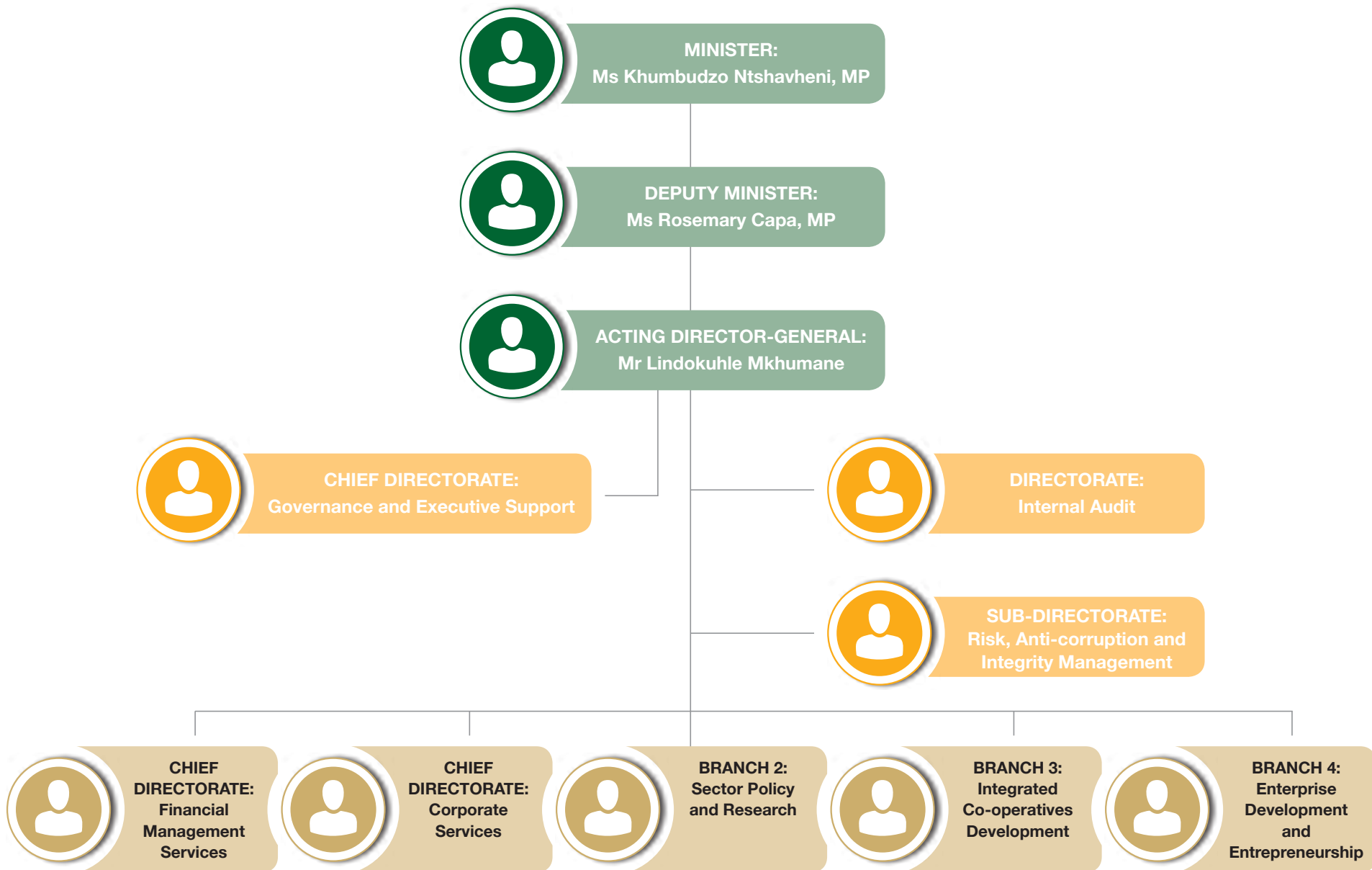
<sup>1</sup> Republic of South Africa. (1996). The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). Pretoria. Government Printer.

### 8.3 POLICY MANDATE

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

Informing Policy/ Strategy	Key Considerations
The Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises (2005)	<p>Covers the entire continuum of needed support from pre-start-up and start-up assistance measures to growing enterprises and enterprises in distress. It focuses on 3 strategic areas with aligned actions, as follows:</p> <ul style="list-style-type: none"> <li>• Increase supply for financial and non-financial support services</li> <li>• Creating demand for small enterprise products and services</li> <li>• Reduce small enterprise regulatory constraints</li> </ul>
The Integrated Strategy on the Development and Promotion of Co-operatives (2012)	<p>The Strategy further introduces key Co-operatives development and support programmes, under 4 strategic pillars, namely:</p> <ul style="list-style-type: none"> <li>• To increase the supply of non -financial support services to co-operatives;</li> <li>• Creating demand for Co-operative enterprises products and services;</li> <li>• To improve sustainability of Co-operatives;</li> <li>• To increase the supply of financial support services to Co-operatives.</li> </ul>
The National Informal Business Upliftment Strategy (NIBUS) and Implementation Framework (2014 and 2015)	<p>Adopted by Cabinet in 2014 and aimed at supporting the enterprising poor in the informal business sector and facilitating their participation in the mainstream economy through various policy and programmatic interventions. Focus of the strategy is directed towards:</p> <ul style="list-style-type: none"> <li>• Enhance the quality of enterprise development, promotion and capacity-building products and services;</li> <li>• Strengthen the policy and regulatory environment to support an integrated and coordinated approach to informal business upliftment;</li> <li>• Build the skills, capacity, systems and processes to drive an integrated and coordinated approach to informal business upliftment;</li> <li>• Strengthened national, regional and international partnerships to support and promote the NIBUS development agenda.</li> </ul>

# 9. THE ORGANISATIONAL STRUCTURE



## 10. PUBLIC ENTITIES REPORTING TO THE MINISTER

Two entities report to the Minister for Small Business Development through governance arrangements that give them autonomy but also enable them to align their strategies with Government policy and priorities.



**sefa** was established in terms of **Section 3 (d) of the Industrial Development Corporation Act, No. 22 of 1940 (IDC Act)** 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.

In the report under review, **sefa** has outperformed in most indicators against the annual targets. To illustrate, **sefa** injected into the SA economy, R1.2 billion compared to R842 million targeted for the year; the number of SMMEs & Co-operatives supported, were slightly higher than target; whilst the jobs created surpassed those that were anticipated to be created over the period.

**sefa's** achievements in the year under review included:

- **sefa's** financial support to enterprises based in the rural and villages stood at R549 million relative to the target of R333 million over the year.
- Women owned businesses received financial support to the value of R482 million vs. the target of R333 million.
- Black-owned enterprises received R897 million against the target of R518 million over the same time.
- Furthermore, **sefa** plays a crucial role of funding smaller loans (of less than R500k), which most financiers shy away from, given the administrative burden they carry. In this indicator, **sefa** had targeted to issue loans to 71 899 small businesses, however, the organisational actual achievement stood at 72 751.



SMALL ENTERPRISE DEVELOPMENT AGENCY (SEDA), SCHEDULE 3A: NATIONAL PUBLIC ENTITY

**Seda** was established by the **National Small Enterprise Act 1996**, as amended and has the mandate to provide non-financial business development and support services for small enterprises, in partnership with other role players in the small business development environment.

Key achievements in the year under review include the following:

### Enterprise Development Division (EDD)

- 4 773 SMMEs received business support interventions
- 359 Co-operatives received business support interventions
- 12 042 learners participated in entrepreneurship in schools
- 799 clients were supported through export, exhibitions and training
- 430 informal businesses were supported through the BBDSP
- 861 clients were trained on National and International standards

### Seda Technology Programme (STP)

- 2 860 Clients were supported through Incubation
- 465 Clients were supported through innovation
- 266 Clients supported through quality interventions
- 50 Clients were supported through Technology transfer
- 199 Clients graduated from Incubation Programme

As results of the interventions provided above, 19 064 Jobs sustained by supported clients and 6 957 new jobs created by supported clients resulting in R1.72 billion total turnover increase on supported clients. Support from both private and public sector has been phenomenal and in the period under review, R43.8 Million was leveraged from partners.

# PART B: PERFORMANCE INFORMATION





## 1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

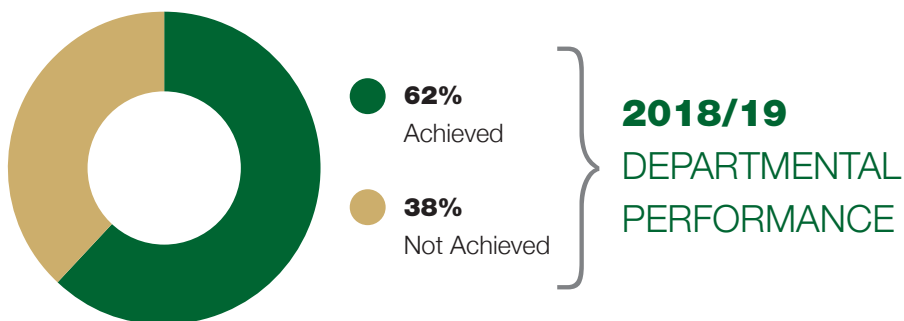
The Auditor-General of South Africa (AGSA) performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with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

Refer to page 110 of the Report of the Auditor-General in Part E: Financial Information.

## 2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

The revised 2015 – 2020 Strategic Plan outlines the priorities for small business development support. The 2018/19 financial year represents the fifth year of implementing the 2014 – 2019 Medium Term Strategic Framework. The 2018/19 Annual Report outlines the performance of the Department against 2018/19 Annual Performance Plan aligned to the overall strategic direction of the Department.

The Department of Small Business Development fully achieved 62% (21) of its set targets and 38% (13) of the targets were not achieved.



## 2.1 SERVICE DELIVERY ENVIRONMENT

The service delivery environment was characterised by the re-organisation of the functional structure which still require alignment with the budget structure. Currently, personnel are placed against the 2017 functional structure which in itself presents challenges from an accounting perspective, amongst others. Coupled with this are the two funded vacant posts of DDGs which remained vacant for prolonged period of time.

Under-expenditure in respect of the BBSDP and the CIS remain of great concern. The under-expenditure was attributable to the need to introduce measures to prevent possible indicators of fraud, and also enhance compliance with the programme guidelines. Through the BBSDP a total of 677 black SMMEs were planned to be supported, however, 505 black SMMEs were supported resulting in a variance of 172 black SMMEs.

Although target was not achieved, it is worth mentioning that R258 million was disbursed in the economy through BBSDP and the latter has resulted in jobs new created and sustained. In terms of the demographics profile, Gauteng obtained the lion's share of the BBSDP (47%) which translates into a total of 237 SMMEs supported, KwaZulu-Natal (KZN) with 16 % (81) and followed by Limpopo and Eastern Cape both at 10%. In terms of the gender profile and targeted groups, women were the largest beneficiaries (219) which translate into 43%, with youth receiving 94 (19%). In response to the Government's call for focus on key sectors to grow the economy through BBSDP, the Department supported SMMEs in the following sectors: Services (34%), Manufacturing (31%) and Construction (23%).

In effort to reduce the regulatory burden and enhance service delivery to SMMEs and Co-operatives, the Department has assisted 30 Municipalities to roll out the RTRP in various municipalities. Lesedi Local Municipality, Merafong Local Municipality, Sedibeng District and Midvaal Municipality, Emfuleni Municipality, an additional five District Municipalities and 18 Local Municipalities in the Free State, and Moses Kotane Municipality in the North West were assisted. RTRP is one of the key programmes and its impact or success will measure the evaluation that is to be undertaken in coming years.

Notable success recorded in the period relates to the Enterprise Incubation Programme (EIP) wherein 13 SMME incubators were supported. The EIP remains high on the agenda of Government and the President has, in his 2019 State of the Nation Address (SONA), iterated the importance of the programme and the increased budget allocation thereto. Through EIP, SMME incubators will be provided with much-needed support to reduce their failure rate, and enhance their capacity to the supply market with high quality services.

Notable areas of underperformance include the discontinuation of the two ICT systems which was triggered anticipated NMOS process. The Department could not invest in any infrastructure/ assets until Cabinet pronouncement has been made in the status of the Department moving forward.

During the various stakeholder engagements, through the IGR, the Co-operatives forums and the National Coordinating forums, the Department was able to gain valuable insight into what the SMMEs and current-day Coops' needs and challenges are. The latter has afforded the Department to improve in certain areas where services are not optimal, and really strengthen our relationship with Local Economic Development to betterment of the Sector.

### **Service Delivery Improvement Plan**

In the period under review, the Department initiated a process to review the Service Delivery Improvement Plan (SDIP) which will be finalised in the forthcoming financial year.

## **2.2 ORGANISATIONAL ENVIRONMENT**

In 2018/19, the Department was reconfigured in terms of the four function programmes namely; Administration, Sector Policy and Research, Integrated Co-operatives Development, Enterprise Development and Entrepreneurship, to position the Department to deliver on its Strategic Plan and Annual Performance Plan. To that end the revised functional structure was placed on hold, pending the National Macro re-organisation of the State process, in anticipation of the 6th Administration. The focus on the much-anticipated NMOS was mainly to introduce general efficiency measures; however, the latter process impacted significantly on the Department's ability to fill the two Deputy Director-Generals (DDGs) posts.

Significant underperformance was noted in terms of the finalisation of the amendment of the National Small Business Act (NSBA). The Department's inability to complete the task was due legislative drafting incapacity that exists, thus resulting in over reliance on external assistance and counsel in driving this unit of work. Given the skills/ competency shortage, the Department has considered it vital to explore the option of secondment of officials from other Government departments with legislative acumen and experience to augment the existing gap.

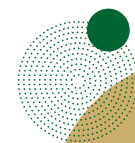
In the course of 2018/19, the Department needed to implement effective control measures to detect, reduce and address fraud indicators noted during the audit regulatory process. As such, the CIS and BBSDP disbursement plans to SMMEs and Co-operatives in the period were significantly impacted, resulting in underperformance. Furthermore, technical glitches were encountered in the CIS system automation process. Going forward, the Department aims to improve its overall performance by instituting the following measures:

- BBSDP and CIS disbursements progress reports to be tabled at monthly Management and Executive Committee meetings, with the objective of intervening and providing prompt response where service delivery is lacking.
- Development of fraud risk registers to detect and eliminate possible elements of fraud and risk-based conduct.
- The automation of the Annual Performance Planning tool in the coming financial year, to improve the quality of reporting, and promote accountability.
- Institutionalisation of an integrated planning and reporting approach that will incorporate and provide seamless progress updates on financial-, non-financial-, risk management- and assurance findings.

### **2.3 Key policy developments and legislative changes**

There were no changes to the legislation that impacted departmental operations. The application of gazetted Schedule 1 of the Act (definition) will have an impact on both the private and public sectors as Users of the definition.

The outcome of the evaluation of the Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises study (implementation Plan) will have an impact on the operation of the Department and will require additional resources and re-organisation of activities/projects.



Co-operatives Act, (Act No. 14 of 2005), as amended in 2013, provides for the formation and registration of Co-operatives, the establishment of the Co-operatives Development Agency and the tribunal amongst others, was proclaimed and signed off by the President on 13 March 2019, effective 01 April 2019.

### 3. STRATEGIC OUTCOME-ORIENTATED GOALS

During the 2018/19 reporting period, the Department adopted the following five strategic outcome-orientated goals:

TABLE 9: 2018/19 STRATEGIC GOALS AND OBJECTIVES

Strategic Goals	Strategic Objectives
<b>1. Policy and planning coherence in the sector, that promotes an enabling ecosystem for SMMEs and Co-operatives.</b>	1.1: Reduced regulatory burdens and a conducive legislative and policy environment for SMMEs and Co-operatives. 1.2.a. An integrated approach to planning, monitoring and evaluation of the Co-operatives Sector, to inform policy decision making. 1.2.b. An integrated approach to planning, monitoring and evaluation of the SMMEs Development Sector, to inform policy decision making. 1.3. A comprehensive research agenda on key areas of support for SMMEs and Co-operatives implemented. 1.4. Strengthened efforts to place SMMEs at the centre of the economic diplomacy agenda.
<b>2. Equitable access to responsive and targeted products and services that enable the growth and development of SMMEs and Co-operatives.</b>	2.1.a. Oversight and coordination of the design and implementation of targeted financial support programmes to support new and existing Co-operatives. 2.1.b. Oversight and coordination of the design and implementation of targeted financial support programmes to support new and existing SMMEs. 2.2.a. Oversight and coordination of the design and implementation of targeted non-financial support programmes to support new and existing Co-operatives. 2.2.b. Oversight and coordination of the design and implementation of targeted non-financial support programmes to support new and existing SMMEs.
<b>3. Sound governance and the optimal utilisation of available resources.</b>	3.1: Compliance and good governance ensured. 3.2. Sound institutional governance and oversight of the SBD Portfolio entities. 3.3. Efficient, integrated and streamlined business processes and systems.
<b>4. An enhanced contribution to socio-economic development outcomes by the Sector.</b>	4.1. Demonstrated progress towards sector-wide SMMEs and Co-operatives support achieving its intended socio-economic impact. 4.2.a. Sustainable partnerships to support the Co-operatives development agenda. 4.2.b. Sustainable partnerships to support the SMME development agenda. 4.3. Informed and empowered communities and a responsive department.
<b>5. A professional and capacitated SBD Sector</b>	5.1. Coordinated development of the skills pool across the sector. 5.2. Strengthened human resource capability and a high performing organisation.

## 4. PERFORMANCE INFORMATION **BY PROGRAMME**

### 4.1 PROGRAMME ONE: ADMINISTRATION

#### 4.1.1 Purpose

The programme is responsible for the provision of strategic leadership, management and support services to the Minister, Director-General, the Department and its entities; to ensure the successful implementation of the Department's mandate through sustainable and integrated resource solutions and services that are customer-driven.

#### 4.1.2 Sub-programmes

The Administration Programme covers the work of the following sub-programmes:

- Ministry;
- Departmental Management (Office of the DG);
- Corporate Services;
- Financial Management; and
- Communications and Marketing.

#### 4.1.3 Strategic objectives

- Strategic Objective 3.1: Compliance and good governance ensured.
- Strategic Objective 3.3: Efficient, integrated and streamlined business processes and systems.
- Strategic Objective 4.4: Informed and empowered communities and a responsive department.
- Strategic Objective 5.2: Strengthened human resource capability and a high performing organisation.



TABLE 10: PROGRAMME ONE: PERFORMANCE AGAINST 2018/19 ANNUAL PERFORMANCE PLAN TARGETS

PROGRAMME ONE: ADMINISTRATION							
Strategic Objective	Performance Indicator	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
<b>3. Sound governance and the optimal utilisation of available resources</b>							
<b>3.1: Compliance and good governance ensured</b>	Percentage compliance with Management Performance Assessment Tool (MPAT) standards at target level	N/A	Annual target partially achieved: MPAT self-scoring done and submitted  Preliminary report from the Department of Planning, Monitoring and Evaluation (DPME) received and Departmental challenges submitted	100% compliance with MPAT standards at level 3	<b>Target not Achieved:</b> 73.2% compliance with MPAT standards at level 2.9	26.8% compliance with MPAT standards at level 3	The Department failed to comply with some of the MPAT standards such as Strategic Plans, Monitoring and Financial disclosure
	Percentage over or under-expenditure on annual budget	9.2% underspending on annual budget (R121 million)	Annual target achieved: DSBD spent R1.4 billion of the projected R1.4 billion, resulting in a variance of R16.3 million (1,1%)	<5% variance on annual budget	<b>Target Achieved:</b> 4.6%  The Department spent R1.420 billion of R1.488 billion with a variance of R69 million	N/A	N/A

**PROGRAMME ONE: ADMINISTRATION**

Strategic Objective	Performance Indicator	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
	Percentage of payments to eligible creditors processed within 30 days	98% of payments to eligible creditors processed within 30 days	Annual target achieved: From 01 April to 31 March 2018 the department has received and processed 10 135 invoices valued at R85, 732, 591.67 within 30 days	100% payments to eligible creditors processed within 30 days	<b>Target Achieved:</b> 100% payments to eligible creditors were processed within 30 days Received and processed 12 401 invoices valued at R75 390 787.71 on average 10 days	N/A	N/A
	Unqualified audit outcome for both financial and non-financial performance data maintained	Unqualified audit outcome for the 2015/16 financial year	Annual target achieved: DSBD received an unqualified audit opinion by AGSA for the 2016/17 financial year, with only 1 correction to the prior year	Unqualified audit outcome for both financial and non-financial performance data for 2017/18	<b>Target Achieved:</b> Unqualified audit outcome for both financial and non-financial performance data for 2017/18 achieved	N/A	N/A
<b>3.3: Efficient, integrated and streamlined business processes and systems.</b>	Number of ICT system projects defined in the DSBD ICT Plan implemented	N/A	Annual target partially achieved: The Department managed to approve systems specifications and define roadmap	2 ICT system projects defined in the DSBD ICT Plan implemented	<b>Target Not Achieved:</b> 2 ICT system projects defined in the DSBD ICT Plan not implemented	2 ICT system projects defined in the DSBD ICT Plan not implemented	2 ICT system projects were discontinued and deferred to the new financial year for implementation



**PROGRAMME ONE: ADMINISTRATION**

Strategic Objective	Performance Indicator	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
<b>4. An enhanced contribution to socio-economic development outcomes by the sector</b>							
<b>4.4: Informed and empowered communities and a responsive department.</b>	Number of DSBD initiated engagements with the sector and communities	N/A	Annual target achieved: The Department facilitated 55 engagements with the communities and the public	25 facilitated interactions that deliver meaningful engagements with communities and the public	<b>Target Achieved:</b> 39 facilitated interactions that delivered meaningful engagements with communities and the public were held	The Department facilitated 14 more interactions that delivered meaningful engagements with communities and the public	Collective effort from the Department driven by Communications and Marketing to ensure events run smoothly and successfully
<b>5. A professional and capacitated SBD Sector</b>							
<b>5.2: Strengthened human resource capability and a high performing organisation.</b>	Percentage of women SMS representation	53.5% of women in SMS employed in the Department	Annual Target Exceeded: 51.3% of female SMS	50% of female SMS	<b>Target Achieved:</b> 53.8% of female SMS representation	3.8% above the set target of 50%	Establishment changes e.g. appointments and terminations
	Percentage of PWD employed	2.5% of people with disability employed in the Department	Annual Target Exceeded: 2.8% PWD employed	2% PWD employed	<b>Target Achieved:</b> 3.1% people with disabilities employed	1.1% above the set target of 2%	Headcount decreased due to termination of contracts
	Percentage vacancy rate in funded posts	9.8% vacancy rate achieved	Target not achieved 11.9% vacancy rate	<10% Vacancy Rate in funded posts	<b>Target Achieved:</b> 7.7% vacancy rate in funded posts	2.3% below the set target	Establishment changes

One of the key priorities of the NDP is “Building the capability of the state to play a developmental, transformative role”. During the year under review the Department thrived to promote compliance and good governance by ensuring that it scored 73.2% compliance with MPAT standards at level 2.9. Although the target was not achieved there were great areas of improvement, such as Promotion of Access to Information, Integration of Performance Monitoring and Strategic management, Service Delivery Charter, Standards and Service Delivery Improvement Plan.

Furthermore, the department plans were to reduce the vacancy rate to below 10% and our target was 7.7% achieved, resulting in a variance of 2.3%; this was due to establishment changes. Moving forward, more effort will be concentrated on maintaining the vacancy rate below 10%. The department has a representation of 51.2% of women in its Senior Management Service (SMS) cadre, above the public service standard of 50%. As at 31 March 2019, the department employed 3.1% people living with disabilities, and two of whom are SMS members.

As noted in the 2014 - 19 MTSF, the responsiveness of the public service to citizens and stakeholders is critical and in this regard, the Department continued to conduct stakeholder engagements in an attempt to receive and document honest feedback from society on the environment in which small business and co-operatives operate.

#### 4.1.4 Strategies to address areas of underperformance

Area of Underperformance	Extent of Underperformance	Strategies to Overcome the Areas of Underperformance
100% compliance with MPAT standards at level 3	The Department's compliance with MPAT standards not yet determined	The Department will strive to comply with the DPME MPAT standards
2 ICT system projects defined in the DSBD ICT Plan implemented	2 ICT system projects defined in the DSBD ICT Plan not implemented	The remaining 2 ICT system projects will be carried over into the new financial year, as the Department was not affected by the re-organisation of the State

#### 4.1.5 Changes to planned targets

There are no changes to planned targets for this reporting period.

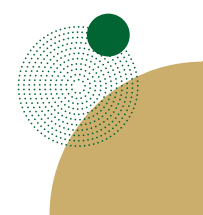




TABLE 11: LINKING PERFORMANCE WITH BUDGETS: PROGRAMME ONE

SUB-PROGRAMME	2018/2019			2017/2018		
	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
1. Ministry	32 753	32 713	40	31 095	30 909	186
2. Departmental Management	17 981	16 314	1 667	17 381	16 895	486
3. Corporate Services	51 200	50 604	596	46 719	45 161	1558
4. Financial Management	19 532	19 358	174	16 584	16 281	303
5. Communications	6 474	6 461	13	7 932	7 754	178
<b>TOTAL</b>	<b>127 940</b>	<b>125 451</b>	<b>2 489</b>	<b>119 711</b>	<b>116 999</b>	<b>2 712</b>

#### 4.1.6 Reasons for Variance

Expenditure for the year amounted to R125.5 million (98.1%) against the overall budget of R127.9 million, resulting in underspending of R2.5 million (1.9%). The underspending is largely due to unfilled posts within the programme (R2.2 million) and underspending on travel (R143 thousand).

The main cost drivers for the year are Compensation of Employees at R65.4 million, Goods and Services at R54.2 million, as well as Machinery and Equipment at R5.7 million. The cost drivers on Goods and Services expenditure are operating leases for office accommodation and rented pool cars (R20.4 million), travel and subsistence (R11.6 million), computer services for desktop support by SITA (R7 million), regulatory and forensic audit (R5.3 million) and fleet services R1.5 million.

## 4.2 PROGRAMME TWO: SECTOR POLICY AND RESEARCH

### 4.2.1 Purpose

The programme is responsible to create an enabling environment for the development and growth of sustainable small businesses and Co-operatives through commissioning research; the development and review of policy and legislation; the coordination and promotion of sound intergovernmental relationships; promoting the sector interests in the regional and global arena; and effective monitoring and evaluation of programmes to ensure the desired impact is achieved in contributing toward the creation of employment and economic growth.

### 4.2.2 List of sub-programmes

The Sector Policy and Research Programme covers the work of the following sub-programmes:

1. Research;
2. Policy and Legislation (which includes IGR and Coordination);
3. International Relations and Trade Promotion; and
4. Monitoring and Evaluation.

### 4.2.3 Strategic objectives

The strategic objectives of Programme Two are as follows:

- Strategic Objective 1.1: Reduced regulatory burdens and a conducive legislative and policy environment for SMMEs and Co-operatives.
- Strategic Objective 1.4: A comprehensive research agenda on key areas of support for SMMEs and Co-operatives implemented.
- Strategic Objective 1.5: Strengthened efforts to place SMMEs at the centre of the economic diplomacy agenda.
- Strategic Objective 4.1. Demonstrated progress towards sector-wide SMMEs and Co-operatives support achieving its intended socio-economic impact.

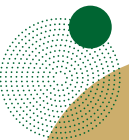


TABLE 12: PROGRAMME TWO – PERFORMANCE AGAINST 2018/19 ANNUAL PERFORMANCE PLAN TARGETS

PROGRAMME TWO: SECTOR POLICY AND RESEARCH							
Strategic Objective	Performance Indicator	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
<b>1: Policy and planning coherence in the sector, that promotes an enabling ecosystem for SMMEs and Co-operatives</b>							
<b>1.1: Reduced regulatory burdens and a conducive legislative and policy environment for SMMEs and co-operatives</b>	Number of municipalities assisted to roll out the Red Tape Reduction Programme per year	N/A	Annual target exceeded: 42 municipalities assisted in 12 workshops to roll out SMMEs and Co-operatives Red Tape Reduction Programme	12 municipalities assisted to roll out SMMEs and Co-operatives Red Tape Reduction Programme	<b>Target Achieved:</b> 30 Municipalities were assisted to roll out the Red Tape Reduction Programme, namely: <ul style="list-style-type: none"> <li>• Lesedi Local Municipality</li> <li>• Merafong Local Municipality</li> <li>• Sedibeng District</li> <li>• Midvaal Municipality</li> <li>• Emfuleni Municipality</li> <li>• Nketoana Local Municipality</li> <li>• 5 District Municipalities and 18 Local Municipalities in the Free State</li> <li>• Moses Kotane Municipality in North West</li> </ul>	18 more municipalities assisted to roll out SMMEs and Co-operatives Red Tape Reduction Programme	The Department targeted provincial events to bring the awareness and have assisted to capture more municipalities in Q2 and Q3 of 2018/19 financial year

**PROGRAMME TWO: SECTOR POLICY AND RESEARCH**

Strategic Objective	Performance Indicator	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
	Number of Municipal Action Plans on SMMEs and Co-operatives Red Tape Reduction Programme assessed	N/A	Annual target achieved: 2 Municipal action plans on Red Tape Reduction Programme assessed with findings and recommendations (Ephraim Mogale and Elias Motsoaledi LM)	3 Municipal Action Plans on SMMEs and Co-operatives Red Tape Reduction Programme assessed	<b>Target Achieved:</b> 3 Municipal Action Plans on SMMEs and Co-operatives Red Tape Reduction Programme were assessed	N/A	N/A
	Development of National Guidelines on Red Tape Reduction Programme in identified procedures	N/A	Annual target not achieved: The target was approved for deferral to next financial year  The Department analysed and re-engineered 1 business registration process in 4 municipalities in the Vhembe District	5 SMMEs and Co-operatives Red Tape Reduction Programme procedures analysed	<b>Target Achieved:</b> 7 SMMEs and Co-operatives Red Tape Reduction Programme procedures analysed	2 more SMMEs and Co-operatives Red Tape Reduction Programme procedures analysed	The Department contracted the Government Technical Advisory Centre (GTAC) in order to achieve this target

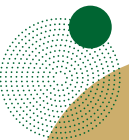


PROGRAMME TWO: SECTOR POLICY AND RESEARCH

Strategic Objective	Performance Indicator	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
	Submission of the amendment of the National Small Business Bill into the legislative process	Two stakeholder consultation workshops on the NSBA were successfully hosted. A consolidate report on proposed areas of amendment was produced and submitted to the Minister for consideration	Annual target not achieved: The Bill was not developed and submitted to Minister for approval	Amendment of the National Small Business Bill through legislative process	<p><b>Target not Achieved:</b></p> <p>Amendment of the National Small Business Bill through legislative process not completed</p> <ul style="list-style-type: none"> <li>• Schedule 1 of the National Small Enterprises Act was gazetted on 15 March 2019</li> <li>• The position paper on Alternate Dispute Resolution has been finalised</li> </ul>	Process to finalise the position paper on alternative Dispute Resolution needed to be completed for inclusion in the bill	Extended consultations on the amendment of the National Business process took longer than anticipated
	Number of National Coordinating Forums on small business development convened	N/A	Four stakeholder forums convened to-date	4 National Coordinating Forums on small business development and co-ops convened	<p><b>Target Achieved:</b></p> <p>4 National Coordinating Forums were held on the following dates:</p> <ul style="list-style-type: none"> <li>• 27 June 2018;</li> <li>• 7 September 2018;</li> <li>• 7 December 2018; and</li> <li>• 8 March 2019</li> </ul>	N/A	N/A

**PROGRAMME TWO: SECTOR POLICY AND RESEARCH**

Strategic Objective	Performance Indicator	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
<b>1.4: A comprehensive research agenda on key areas of support for SMMEs and Co-operatives implemented.</b>	Number of research reports on SMMEs and Co-operatives key areas of support	N/A	One key area for research that was identified is: 1.The SMME Eco-system. The research was not finalised. A draft report was received by the end of the financial year. 2.The Research report on the SMME Definition has been finalised	5 research reports on SMMEs and Co-operatives key areas of support approved	<b>Target not Achieved:</b> 3 Research Reports on SMMEs and Co-operatives key areas were supported and approved: <ul style="list-style-type: none"> <li>• Policy Responses to Economic Challenges;</li> <li>• Drivers for Growth in the Informal Sector; and</li> <li>• Update of Schedule 1 to the National Small Business Act</li> </ul>	2 research reports on SMMEs and Co-operatives key areas of support not approved	An amendment to the scope of research for one of the research topics; and the unavailability of databases and slow responses to requests for inputs by key stakeholders has resulted in the delay of finalising the reports



**PROGRAMME TWO: SECTOR POLICY AND RESEARCH**

Strategic Objective	Performance Indicator	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
<b>1.5: Strengthened efforts to place SMMEs at the centre of the economic diplomacy agenda</b>	Approved Annual International Relations Programme, to advance SA trade positions and mandates that will promote investments and growth of SMMEs and Co-operatives	The department's International Relations Strategy	Annual target partially achieved: Multi-year Strategy on International Relations, to advance SA trade positions and mandates was not approved by the Minister. The strategy will be commissioned in 2018/19  The 2018/19 International Relations Programme prepared for presentation to MINEXCO on 16 March 2018	Multi-year Strategy on International Relations, to advance SA trade positions and mandates that will promote investments and growth of SMMEs and Co-operatives, submitted to Minister for approval	<b>Target Not Achieved:</b> Multi-year Strategy on International Relations, to advance SA trade positions and mandates that will promote investments and growth of SMMEs and Co-operatives, was not submitted to Minister for approval	Multi-year Strategy on International Relations, to advance SA trade positions and mandates that will promote investments and growth of SMMEs and Co-operatives, was not submitted to Minister for approval	Initial lack of budget and the subsequent procurement challenges, which, amongst others, impacted negatively on the process to acquire a service provider on time

**PROGRAMME TWO: SECTOR POLICY AND RESEARCH**

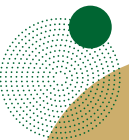
Strategic Objective	Performance Indicator	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
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**2: Equitable access to responsive and targeted products and services that enable the growth and development of SMMEs and Co-operatives**

<b>2.2. Oversight and coordination of the design and implementation of targeted financial and non-financial support programmes to support new and existing SMMEs</b>	Annual programme evaluation report on the planning, design and implementation of DSBD and Entity SMME financial and non-financial support programmes	N/A	Annual target not Achieved: Annual programme evaluation report on selected financial support programmes not produced by Q4 2017/18	Annual programme evaluation report on selected financial and non-financial support programmes produced in Q4	<b>Target Achieved:</b> Annual programme evaluation report on selected financial and non-financial support programmes produced in Q4	N/A	N/A
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**4: An enhanced contribution to socio-economic development outcomes by the sector**

<b>4.1. Demonstrated progress towards sector-wide SMMEs and Co-operatives support achieving its intended socio-economic impact</b>	Annual Small Business Review Report	N/A	N/A	2018 Annual Small Business Review Report approved for publication submitted to Minister	<b>Target Not Achieved:</b> Department did not review the 2018 Annual Small Business Review Report	The Department reviewed the 2017 Annual Small Business Review Report	The Department needed to undertake the 2017 Business Review first
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PROGRAMME TWO: SECTOR POLICY AND RESEARCH

Strategic Objective	Performance Indicator	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
	Draft National Accord to drive the Small Business Mandate	N/A	N/A	Draft National Accord to drive the Small Business Mandate	<b>Target Achieved:</b> The National Accord to drive the Small Business Mandate was drafted and presented to the Executive Committee (Exco) on 18 March 2019	N/A	N/A
	Number of Government-wide Procurement Trend Analysis, conducted per annum.  (Including: SMMES and Co-operatives registered; accessing the 30% set aside; Township procurement; Enterprise sustainability over 1 year)	N/A	Annual target partially achieved: A monitoring framework was developed	Bi-annual analysis of Government-wide Procurement Trend	<b>Target Achieved:</b> Bi-Annual analysis of Government-wide Procurement Trend were not conducted	Bi-annual analysis of Government-wide Procurement Trend was conducted for 6 months and 2 months respectively	The Trend Analysis for December 2018 to March 2019 was not conducted. Lack of data given that the service provider contracted to National Treasury ended in November 2018

In the 2018/29 financial year, the Programme: Sector Policy and Research amended the Schedule of the Small Enterprise Definition to ensure that these definitions are current, relevant and applicable to the structure and nature of SMMEs, thereby ensuring access to Government support programmes while promoting their financial sustainability and ability to promote and create employment over the medium to long term.

The changes in the amendment to the National Small Enterprise Act (Act No. 29 of 2004) include new threshold values, two proxies instead of three and the size or class category 'very small enterprise' is subsumed by the 'small enterprise' category.

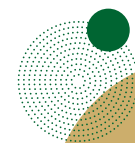
Small enterprises are currently defined in many ways across different departments and functions within Government. The revised definition has a bearing across Government and the private sector; in particular with different compliance criteria applicable to small enterprise. Small businesses often have less onerous compliance, for example in the labour legislation, tax, Broad-based Black Economic Empowerment (B-BBEE) codes, environmental, procurement, and company registration. Some, but not all of these pieces of legislation use the definition in the National Small Enterprises Act. The definition of small enterprises should also provide a basis for recording statistical information and data on the sector to measure and monitor small business growth and development over time. An updated definition would help improve the monitoring of small enterprises and a better understanding of the sector.

A national definition of small enterprise officially identifies small enterprises, in order to inform the design, management and assessment of business support measures, measure change in the business sector (i.e. statistical analysis) and promote consistency in the use of terms in order to align Government policy and legislation.

The DSBD will outline opportunities for social dialogue with stakeholders on the updated amendments and development of guidelines. Through this process of engagement, the Department will:

- Promote adoption of the new definitions by both the public and private sectors,
- Advocate for policy, legislative and regulatory consistency;
- Popularise to ensure that the thousands of small enterprises which are newly included in the definition are made aware of their status, and of the services and benefits to which they are now entitled. The amended Schedule was gazetted on 15 March 2019: Vol. 645 15 / No. 42304

The work on the RTRP has found traction particularly at the provincial and local Government levels. During the current financial year under review, the Department undertook red tape awareness to selected municipalities. On aggregate this programme has touched about 33 district municipalities and 136 municipalities and some of the work has been done to assess red tape in selected municipalities, the intention being to advocate for reengineering of processes and procedures to reduce possible blockages for service delivery particularly for SMMEs. The coverage includes 20 municipalities (including districts) in Limpopo, 19 in Mpumalanga, 10 in the Western Cape, 27 in the Northern Cape, 28 in the Eastern Cape, 22 in KwaZulu-Natal, 25 in Free State, 6 in Gauteng and 13 in North West.



#### 4.2.4 Strategies to address areas of under-performance

Area of Underperformance	Extent of Underperformance	Strategies to Overcome the Areas of Underperformance
Amendment of the National Small Business Bill through legislative process	No amendment of the National Small Business Bill through legislative process was completed	Stakeholder engagements and the development of policy positions which will inform the amendment to the Act (such as Alternative Dispute Resolution and the Institutional arrangements) is underway. These additional areas will inform the amendments of the Bill which will be completed in 2019/20 and gazetted for public comment
5 research reports on SMMEs and Co-operatives key areas of support approved	2 research reports on SMMEs and Co-operatives key areas of support not approved	The research on Special Economic Zones and Barriers and possibly also the research on 30-day payment will be finalised by July/August this year. The scope for the research on women- and youth-owned businesses were increased and had to be sent out on tender. A service provider has been appointed and the research should be completed by March 2020
Revised the Multi-year Strategy on International Relations, to advance SA trade positions and mandates that will promote investments and growth of SMMEs and Co-operatives	Multi-year Strategy on International Relations, to advance SA trade positions and mandates that will promote investments and growth of SMMEs and Co-operatives, was not submitted to Minister for approval	The matter has been addressed in the Branch's 2019/20 Operational Plan as a non- APP target with the following quarterly milestones: <ul style="list-style-type: none"> <li>• Quarter 1: Draft revised Multi-year Strategy presented to Branch</li> <li>• Quarter 2: Consultation with key stakeholders; Draft revised Strategy presented to Manco for recommendation to Exco</li> <li>• Quarter 3: Draft revised Strategy presented to Exco for approval</li> <li>• Quarter 4: Approved Strategy submitted to Minister through DG</li> </ul>

#### 4.2.5 Changes to planned targets

There are no changes to planned targets for this reporting period

TABLE 13: LINKING PERFORMANCE TO BUDGETS: PROGRAMME TWO

SUB-PROGRAMME	2018/2019			2017/2018		
	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
1. Research	8 335	6 722	1 613	7 972	7 576	395
2. Policy and Legislation	5 678	4 806	872	3 416	3 247	169
3. International Relations	4 244	3 255	989	3 851	3 846	5
4. Monitoring and Evaluation	2 755	2 240	515	2 085	2 079	6
<b>TOTAL</b>	<b>21 012</b>	<b>17 023</b>	<b>3 989</b>	<b>17 324</b>	<b>16 748</b>	<b>576</b>

#### 4.2.6 Reasons for variance

Expenditure for the year amounted to R17 million (81%) against the overall budget of R21 million resulting in an under expenditure of R4 million (19%) due to underperformance on consultancy services (R2.2 million) and travelling (R1.1 million).

The main cost drivers for the year are Compensation of Employees at R10.9 million and Goods and Services at R5.9 million. The drivers on goods and services expenditure are consultancy services (R3.1 million) for the Provincial Study on the Red Tape Reduction Strategy and process mapping and the 2016 Annual Review as well as travel and subsistence (R1.9 million). Household spent R127 thousand on a donation to the Global Business Roundtable Organisation (R100 thousand) and leave credits for officials who left the Department (R27 thousand).

## 4.3 PROGRAMME THREE: INTEGRATED CO-OPERATIVES DEVELOPMENT

### 4.3.1 Purpose

The programme is responsible to create an enabling environment that facilitates the establishment, growth and development of Co-operatives through the development and review of legislation and policy, the design, piloting and monitoring of the impact of support services and instruments; the championing of functional partnerships and cooperation agreements; and the advocacy and thought leadership in advancing economic growth, job creation and social cohesion.

### 4.3.2 List of sub-programmes

The Integrated Co-operatives Development Programme covers the work of the following sub-programmes:

- Co-operatives Development;
- Co-operatives Programme Design and Support; and
- Supplier Development and Market Access Support.

### 4.3.3 Strategic Objectives

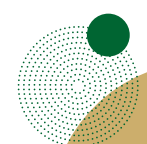
The strategic objectives of Programme Three are as follows:

Strategic Objective 1.2. An integrated approach to planning, monitoring and evaluation of the Co-operatives Sector, to inform policy decision making.

Strategic Objective 2.1. Oversight and coordination of the design and implementation of targeted financial and non-financial support programmes to support new and existing Co-operatives.

PROGRAMME THREE: PERFORMANCE AGAINST 2018/19 ANNUAL PERFORMANCE PLAN TARGETS

PROGRAMME THREE: INTEGRATED CO-OPERATIVES DEVELOPMENT							
Strategic Objective	Performance Indicators	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
<b>Number of Co-operative Forums convened per annum, as the vehicle to drive a shared and common vision and priorities across the Co-operatives Sector.</b>							
<b>1.2. An integrated approach to planning, monitoring and evaluation of the Co-operatives Sector, to inform policy decision making</b>	Number of Co-operative forums convened per annum, as the vehicle to drive a shared and common vision and priorities across the Co-operatives Sector	N/A	Annual target achieved: 4 stakeholder forums convened to date	4 Co-operatives forums convened per annum	<p><b>Target Achieved:</b> 8 Co-operative forums convened on the following dates:</p> <ul style="list-style-type: none"> <li>• Co-operatives Legislation and Development Workshop on 28 September 2018;</li> <li>• Establishment of a Co-operatives APEX Body on 21 February 2019;</li> <li>• Co-operatives Development Models/ Strategies Workshop on 29 November 2018;</li> <li>• Orange Farm Multi-purpose Centre on 6 February 2019;</li> <li>• Roodepoort Civic Centre on 13 February 2019;</li> </ul>	4)more Co-operatives forums were convened	The collaboration with the City of Johannesburg enabled the Department to convene an additional number of Co-operative forums

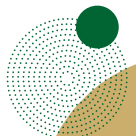


PROGRAMME THREE: INTEGRATED CO-OPERATIVES DEVELOPMENT

Strategic Objective	Performance Indicators	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
					<ul style="list-style-type: none"> <li>• Khoebo Opportunity Centre on 18 February 2019;</li> <li>• Diepsloot Youth Centre on 21 February 2019; and</li> <li>• Jabulani Civic Centre on 01 March 2019</li> </ul>		
	Number of Co-operatives and SMMEs linked to market and procurement opportunities in the public sector, state-owned entities and private sector	N/A	N/A	100 Co-operatives and SMMEs linked to market and procurement opportunities in the public sector, state-owned entities and private sector	<p><b>Target Not Achieved:</b></p> <p>100 Co-operatives and SMMEs were not linked to market and procurement opportunities in the public sector, state-owned entities and private sector</p>	231 Co-operatives and SMMEs were linked to market and procurement opportunities in the public sector, state-owned entities and private sector, without issuing the certificates as stipulated in the TIDs	Co-operatives and SMMEs will be linked to market and procurement opportunities in the public sector, state-owned entities and private sector during 2019/20 Financial year with certificates

**PROGRAMME THREE: INTEGRATED CO-OPERATIVES DEVELOPMENT**

Strategic Objective	Performance Indicators	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
	Number of Provinces supported to develop aligned provincial Co-operatives strategies	3 Provinces supported to develop aligned provincial co-operatives strategies (Gauteng, Eastern Cape, Kwa-Zulu Natal)	N/A	2 Provinces supported to develop aligned provincial Co-operatives strategies (Free State, Mpumalanga)	<b>Target not Achieved:</b> 2 provincial strategy alignment workshops were hosted with Mpumalanga Province and Northern Cape	The strategy alignment workshop was held with Northern Cape instead of the targeted Province (either Free State or North West)	The Department planned to support 2 Provinces either Free State, North West or Mpumalanga out of the 6 Provinces that were identified as not having approved and aligned Provincial Co-operatives Strategies. Unfortunately only Northern Cape and Mpumalanga indicated and agreed to host the strategy alignment workshops
	Number of Municipalities supported to integrate Co-operatives support into their IDPs	N/A	N/A	5 District municipalities supported to integrate Co-operatives support into their Plans	<b>Target Achieved:</b> 5 District municipalities supported to integrate Co-operatives support into their Plan, Including: <ul style="list-style-type: none"> <li>• Xharies District</li> <li>• Lejweleputswa District</li> <li>• Fezile Dabi District</li> <li>• Ilembe District</li> <li>• Kenneth Kaunda District</li> </ul>	N/A	N/A



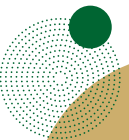


**PROGRAMME THREE: INTEGRATED CO-OPERATIVES DEVELOPMENT**

Strategic Objective	Performance Indicators	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
<b>2: Equitable access to responsive and targeted products and services that enable the growth and development of SMMEs and Co-operatives</b>							
<b>2.1. Oversight and coordination of the design and implementation of targeted financial and non-financial support programmes to support new and existing Co-operatives.</b>	Annual assessment on the development impact of Co-operatives funded through the Co-operatives Incentive Scheme (CIS) conducted	N/A	Annual target not Achieved: Annual programme evaluation report on selected financial support programmes not produced by Q4 2017/18	Annual assessment on the development impact of Co-operatives funded through the Co-operatives supported	<b>Target Not Achieved:</b> Annual assessment on the development impact of Co-operatives funded through the Co-operatives supported, however the remedial actions were not implemented	Monitoring of the remedial actions was not completed in the period under review	The progress report on the implementation of the remedial actions will be carried into 2019/2020 financial year
	Number of Co-operatives supported financially through the CIS	N/A	Annual Target Partially Achieved: 265 Co-operatives incentive scheme applications were approved by the end of the financial year	122 Co-operatives supported financially through the CIS	<b>Target Not Achieved:</b> 121 Co-operatives were supported financially through the CIS	1 Co-operative was not supported financially through CIS	There were delays in the finalisation of claims since claims had to be done manually – the CIS IT system has a technical error [(the system could not calculate the 15% Value Added Tax (VAT)

**PROGRAMME THREE: INTEGRATED CO-OPERATIVES DEVELOPMENT**

Strategic Objective	Performance Indicators	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
	Number of Co-operatives supported through training (Linked to CIS)	N/A	Annual target exceeded: 303 Co-operatives supported through training (Linked to CIS)	122 Co-operatives supported through training	<b>Target Achieved:</b> 170 Co-operatives supported through bookkeeping and governance training	48 more Co-operatives supported through bookkeeping and governance training	The Department supported more than the planned number of Co-operatives due to the high demand for training from local municipalities, Co-operatives associations and other Government departments. The Department received logistical support from municipalities and other departments in order to efficiently accommodate the high demand



In the 2018/29 financial year, the Programme: Integrated Co-operatives Development had a target to train 122 co-operatives during the 2018/19 financial year was to train 122 co-operatives, instead of the target was exceeded resulting in the bookkeeping and co-operatives governance training support is given to 143 Co-operatives. This was done through a DSBD partnership with DGRV.

The status of the New Generation Co-operative has improved due to the support provided by DSBD, resulting in the co-operative producing 887 tons of tomato during the 2018 harvest, earning the business a total revenue of over R1.5 million creating 112 jobs.

As a result of the partnership agreement between DSBD and Department of Human Settlement, the PHP secondary co-operative has a contract through the Department of Human Settlement to build 2 209 housing units in Walmer, Port Elizabeth.

DSBD has entered into a meaningful strategic partnership by way of a signed Memorandum of Understanding (MOU) with the South African Council for Graduates (SACGRA) and Lafarge cement manufacturing company. Through this partnership, the interns on the SACGRA database will receive training and skills development through Lafarge training and will be incubated as small enterprises and co-operatives by Lafarge. DSBD will provide them with financial and non-financial support.

Training of Reqhowani Secondary co-operative was conducted on 28 Feb to 01 March 2019. Reqhowani Secondary Co-operative consists of 5 primary Co-operatives that manufacture school uniforms and shoes. The Co-operative has in the process secured a tender with SA Air link to manufacturing corporate wear for cabin assistants.

50 Small enterprises and co-operatives were linked to market opportunities through the Coca Cola Biz in a Box project. Also, 231 Co-operatives and Small enterprises were linked to market and procurement opportunities in the Public Sector, State-Owned Entities and Private Sector by DSBD through various partnership agreements entered into with the multiple stakeholders during the 2018/19 financial cycle. In essence, R 23, 348,494 was leveraged through a partnership with sector stakeholders.

#### 4.3.4 Strategies to address areas of under-performance

Area of Underperformance	Extent of Underperformance	Strategies to Overcome the Areas of Underperformance
2 Provinces supported to develop aligned provincial Co-operatives strategies (Free State, Mpumalanga)	1 province was not supported to develop aligned provincial Co-operatives strategies	The Department will engage the provinces during pre-planning period to be supported prior to the implementation cycle

#### 4.3.5 Changes to planned targets

There are no changes to planned targets for this reporting period

TABLE 15: LINKING PERFORMANCE TO BUDGETS: PROGRAMME THREE

SUB-PROGRAMME	2018/2019			2017/2018		
	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
1. Co-operatives Development	7 555	6 119	1 436	9 766	9 754	12
2. Co-operatives Programme Design and Support	98 915	54 208	44 707	82 774	82 711	63
3. Supplier Development and Market Access Support	15 305	14 951	354	6756	6 740	16
<b>TOTAL</b>	<b>121 775</b>	<b>75 278</b>	<b>46 497</b>	<b>99 296</b>	<b>99 204</b>	<b>91</b>

#### 4.3.6 Reasons for Variance

Expenditure for the year amounted to R75.3 million (61.8%) against the overall budget of R121.8 million resulting in under expenditure of R46.5 million (38.2%) largely due to poor performance on Incentives (R42.1 million).

The main cost drivers for the year are Compensation of Employees at R28.4 million, Transfers and Subsidies at R41.2 million, and Goods and Services at R5.3 million. The main cost driver on Goods and Services is travel and subsistence (R4.3 million).

Transfers and subsidies underspent by R42.1 million on CIS due to non-compliance to the incentives guidelines and IT system challenges.

## 4.4 PROGRAMME FOUR: ENTERPRISE DEVELOPMENT AND ENTREPRENEURSHIP

### 4.4.1 Purpose

The programme is responsible to create an enabling environment for the development and growth of sustainable small businesses through the development and review of legislation and policy; the design, piloting and monitoring of the impact of support services and instruments; the promotion of local economic development and entrepreneurship; championing functional partnerships; and advocacy and thought leadership in advancing economic growth and job creation.

### 4.4.2 List of sub-programmes

The Enterprise Development and Entrepreneurship Programme covers the work of the following sub-programmes:

- Enterprise and Supplier Development
- SMME Programme Design and Support
- SMME Competitiveness
- Entrepreneurship

### 4.4.3 Strategic Objectives

The programme implementation focus of Programme 4 results in delivery against the following Strategic Goals and their aligned Strategic Objectives:

- Strategic Objective 1.3. An integrated approach to planning, monitoring and evaluation of the SMMEs development sector, to inform policy decision making.
- Strategic Objective 2.2. Oversight and coordination of the design and implementation of targeted financial and non-financial support programmes to support new and existing SMMEs.
- Strategic Objective 3.2. Sound institutional governance and oversight of the SBD Portfolio entities.
- Strategic Objective 4.3. Sustainable partnerships to support the SMME development agenda.
- Strategic Objective 5.1. Coordinated development of the skills pool across the sector.

TABLE 14: PROGRAMME FOUR PERFORMANCE AGAINST 2018/19 ANNUAL PERFORMANCE PLAN TARGETS

PROGRAMME FOUR: ENTERPRISE DEVELOPMENT AND ENTREPRENEURSHIP							
Strategic Objective	Performance Indicators	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
<b>1. Policy and planning coherence in the sector, that promotes an enabling ecosystem for SMMEs and Co-operatives.</b>							
	Number of IGR Forums convened	N/A	Annual target achieved: Four Inter-Governmental Relations Forums convened to date	4 IGR Forums conducted per annum	<p><b>Target Achieved:</b> 4 IGR Forums were conducted</p> <ul style="list-style-type: none"> <li>• Provincial Interdepartmental meeting hosted on 14 June 2018 (Q1 2018/19)</li> <li>• Provincial Interdepartmental meeting hosted on 13 September 2018 (Q2 2018/19)</li> <li>• Provincial IGR hosted on 6 December 2018 (Q3 2018/19)</li> <li>• IGR hosted on 7 March 2019 (Q4 2018/19)</li> </ul>	N/A	N/A

**PROGRAMME FOUR: ENTERPRISE DEVELOPMENT AND ENTREPRENEURSHIP**

Strategic Objective	Performance Indicators	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
<b>2: Equitable access to responsive and targeted products and services that enable the growth and development of SMMEs and Co-operatives</b>							
<b>2.2. Oversight and coordination of the design and implementation of targeted financial and non-financial support programmes to support new and existing SMMEs.</b>	Number of Informal Business Infrastructure partnership agreements secured	Six informal business infrastructure projects were approved.  The six projects are Matsila Trust, Mnambithi, Inqguza Hill, Makhado, and Greater Taung	Annual target exceeded:  Achievement is these 7 local municipalities and one Development Trust: <ul style="list-style-type: none"><li>• Inqcuza Hill;</li><li>• MosselBay;</li><li>• Makhado;</li><li>• Greater Taung;</li><li>• Alfred Duma;</li><li>• Stellenbosch; and</li><li>• Matsila Development Trust</li></ul>	6 Informal Business Infrastructure partnership agreements secured	<b>Target Achieved:</b> 7 Informal Business Infrastructure Partnership agreements secured	1 more Informal Business Infrastructure partnership agreement was secured	R30 million was allocated towards this programme for 6 projects – R5 million per project. There was one municipality with an approval of R3 million and another for R2 million, making it 7 projects in total
	Number of black SMMEs supported through the BBSDP	589 Small and Medium Enterprises supported through the BBSDP	Annual target partially achieved: 508 Black SMMEs supported through the BBSDP	677 Black SMMEs supported through the BBSDP	<b>Target Not Achieved:</b> 505 black SMMEs were supported through the BBSDP	172 Black SMMEs not supported through the BBSDP as planned	The reason for under-achievement was due to a high number of BBSDP projects that were not supported financially due to non-compliance issues

**PROGRAMME FOUR: ENTERPRISE DEVELOPMENT AND ENTREPRENEURSHIP**

Strategic Objective	Performance Indicators	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
	Number of Informal businesses supported through the IMEDP	7 848 informal business supported through the IMEDP	Annual target not achieved: 570 Informal businesses supported through the IMEDP	1 000 Informal businesses supported through the IMEDP	<b>Target Achieved:</b> 1 922 Informal businesses were supported through the IMEDP	922 more informal businesses were supported through the IMEDP	Partnerships with business chambers and associations increased the number of beneficiaries markedly
	Number of SMMEs incubators supported through the EIP	N/A	N/A	11 SMMEs incubators supported through the EIP	<b>Target Achieved:</b> 13 SMMEs Incubators were supported through the EIP	2 more SMMEs incubators were supported through the (EIP)	The allocated amounts were fewer than the anticipated average grant per incubator. The savings realised plus the funds that were reprioritised from one of the incubators were used to fund two more incubators in addition to the planned 11 incubators





**PROGRAMME FOUR: ENTERPRISE DEVELOPMENT AND ENTREPRENEURSHIP**

Strategic Objective	Performance Indicators	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
<b>4: An enhanced contribution to socio-economic development outcomes by the sector</b>							
<b>4.3. Sustainable partnerships to support the SMME development agenda.</b>	Rand value of resources leveraged through partnerships with sector stakeholders per annum	R65m leveraged through partnerships with sector stakeholders per annum	Annual target exceeded: Partnerships signed and the value of the agreements is as follows: Services SETA R1.5 billion	R5 million's worth of resources leveraged through partnerships with sector stakeholders	<b>Target Achieved:</b> R 18 068 494 leveraged through partnerships with sector stakeholders	R 13 068 494 leveraged through partnerships with sector stakeholders	The collaboration between <b>sefa</b> , Coca-Cola and DSBD partnership enabled the Department to leverage these resources
<b>5: A professional and capacitated SBD Sector</b>							
	Development of a draft framework of standards for professionalisation of Business Advisory services	N/A	N/A	Draft framework of standards for professionalisation of Business Advisory services developed	<b>Target Not Achieved:</b> Draft framework of standards for professionalisation of Business Advisory services not developed	The Department did not manage to develop a Draft framework of standards for professionalisation of Business Advisory services	Stakeholders agreed that there is a need to generate a Discussion Paper to document the status quo, options, processes and role players and to justify need for Business Advisory Services, identify legislations relevant to the Business Advisory Services, Services Standards Framework for South Africa

In the 2018/19 financial year, the Programme: Enterprise Development and Entrepreneurship focused on intensifying its effort of leveraging resources by concluding sustainable strategic partnerships with various stakeholders including municipalities and private sector organisations for the purposes of securing infrastructure for SMMEs and Co-operatives in order to support the development of the ecosystem. Through this initiative, an amount of R5 million was secured through partnerships in the 2018/19 financial year. This contributed meaningfully to the provision of an enabling environment for small businesses and promotion of sustainable SMMEs and Co-operatives that contribute to inclusive economic growth and job creation.

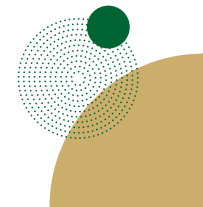
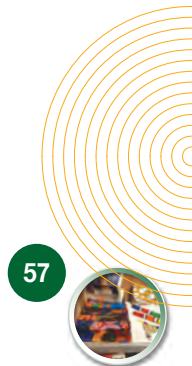
The Programme: Enterprise Development and Entrepreneurship has deepened its support for SMMEs and Co-operatives for both informal and formal businesses respectively through the IMEDP and BBSDP in the period under review in order to promote the development of SMMEs and Co-operatives with a view to stimulate entrepreneurship and contribute to radical economic transformation that will lead to increased employment, poverty alleviation and reduced inequality. Through the Enterprise Incubation Programme, a total of 13 incubators were supported in the financial year under review as a way of intensifying support and financing to sustain existing small businesses and Co-operatives as well as expanding the sector.

The Enterprise Development and Entrepreneurship Programme focused on the conceptualisation and development of the entrepreneurship development frameworks and other instruments in support of enterprise development in the period under review. As part of the above process, the programme has embarked on the process of developing a Framework on professionalisation of the Business Advisory Services in South Africa.

This is informed by a need to improve the quality of Business Advisory Services in South Africa which will lead to competitive and sustainable enterprises that will contribute to the local and national economy. Currently, the framework is existing in the form of a Discussion Paper. A multi stakeholder Working Group is convened on a monthly basis to ensure that the finalisation of the Framework is accelerated. It is expected that the Framework will be finalised in the 2019/20 financial year.

#### 4.4.4 Strategies to address underperformance

Area of Underperformance	Extent of Underperformance	Strategies to Overcome the Areas of Underperformance
Draft framework of standards for professionalisation of Business Advisory services developed	The Department did not manage to develop a Draft framework of standards for professionalisation of Business Advisory services	<p>The following controls were put in place to ensure that the Business Advisory Standard is finalised:</p> <ol style="list-style-type: none"> <li>1. A multi-stakeholder Working Group comprising Seda, seed, DSBD, European Union &amp; Services SETA is meeting on a monthly basis to monitor the project (Processes leading to the development of the Standard for Business Advisory Services) performance</li> <li>2. Currently DSBD, SEDA and EU are in the process of developing a project plan or roadmap with clear timeframes and milestones to ensure that the project is completed within the 2019/20 financial year</li> </ol>



#### 4.4.5 Changes to planned targets

There are no changes to planned targets for this reporting period.

TABLE 15: LINKING PERFORMANCE TO BUDGETS: PROGRAMME FOUR

SUB-PROGRAMME	2018/2019			2017/2018		
	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
1. Enterprise and Supplier Development	861 394	861 083	311	845 151	845 037	114
2. SMMEs Programme Design and Support	296 053	281 372	14 681	270 714	270 700	14
3. SMME Competitiveness	57 238	56 742	496	47 935	40 196	7 739
4. Entrepreneurship	3 041	2 570	471	75 539	70 600	4 939
<b>TOTAL</b>	<b>1 217 726</b>	<b>1 201 766</b>	<b>15 960</b>	<b>1 239 339</b>	<b>1 226 533</b>	<b>12 806</b>

#### 4.4.6 Reasons for Variance

Expenditure for the year amounted to R1.202 billion (98.7%) against the overall budget of R1.218 billion resulting in an under expenditure of R16 million (1.3%) mainly as a result of underspending on BBSDP (R13.2 million) due to non-compliant documentation and NIBUS (R496 thousand) due to a rejected payment. Compensation of Employees underspent by R1.5 million due to vacancies within the programme while Goods and Services underspent by R625 thousand mainly on travel and subsistence by (R388 thousand).

The main cost drivers for the year are Transfers and Subsidies at R1.165 billion, Compensation of Employees at R28.4 million, and Goods and Services at R8.2 million. The drivers of expenditure in Goods and Services are travel and subsistence (R3.1 million) catering for departmental activities (R1.5 million) consultancy services (R1.4 million) as well as venues and facilities (R995 thousand).

## 5. TRANSFER PAYMENTS

TABLE 16: TRANSFER PAYMENTS TO PUBLIC ENTITIES

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
		R'000	R'000	
Small Enterprise Development Agency	<ul style="list-style-type: none"> <li>• Business registrations;</li> <li>• Business planning;</li> <li>• Business advice counselling and training;</li> <li>• Facilitation of access to finance;</li> <li>• Facilitation of access to markets;</li> <li>• Co-operative support;</li> <li>• Business Incubation;</li> <li>• Targeted small enterprise training</li> </ul>	580 241		Accounted for in the Seda Annual Report
Seda Technology Programme	Access to technology	199 359		Accounted for in the Seda Annual Report
Seda: Capacity Building Programme for Economic Development	Provision of technical capacity and skills development	30 489		Accounted for in the Seda Annual Report
Seda National Gazelles Programme		30 000		
<b>TOTAL</b>		<b>840 089</b>		

## 6. CONDITIONAL GRANTS

### 6.1 CONDITIONAL GRANTS AND EARMARKED FUNDS PAID

Not applicable to the Department of Small Business Development.

### 6.2 EARMARKED FUNDS RECEIVED

The Department was allocated R140.6 million for Compensation of Employees. The expenditure as at 31 March 2019 was R133 million (94.6%) resulting in an under performance of R7.6 million (5.4%) mainly due to the vacancy rate of 7.7%.

## 7. DONOR FUNDS

The Department had an opening balance of R123 thousands for the Reconstruction Development Programme (RDP) supported by the African Development Bank to support the Enterprise Development Pilot Project for Local Economic Development (LED). The funds were not utilised and had to be surrendered to National Treasury when the contract expired in June 2018.

## 8. CAPITAL INVESTMENT

### 8.1 CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

The Department spends a minimal amount on furniture as the existing furniture was inherited with space allocated by the landlord or the Department of Trade and Industry (the dti) that DSBD is subletting from. For the year under review the Department acquired assets worth R3.139 million.

As at 31 March 2019 the Department's asset register consisted of major assets worth R20 044 745.90 and minor assets worth R1 074 374.11. Quarterly asset verifications are conducted and recommendations on disposals are tabled to the Disposal Committee that in turn recommends to the Accounting Officer for approval to dispose in an environmentally friendly manner.

An asset replacement plan is compiled on an annual basis by Corporate Services informed by the age analysis.

# PART C: GOVERNANCE



## 1. INTRODUCTION

The Department is committed to maintain the highest standards of governance as a central principle for management of public finance and resources. The Department has established governance structures to effectively and efficiently utilise the State resources. In fulfilling the various governance committees' functions and duties, the Department is guided by a myriad of legislations, policies and prescripts such as the Public Finance Management Act, of 2001 as amended, the Public Services Act, 1994, the Protected Disclosure Act of 2000, etc.

## 2. RISK MANAGEMENT

The DSBD has an approved Risk Management Policy that is due for review in 2020/21, whilst the Risk Management Strategy is due for review in 2019/20. Risk assessments are conducted annually in line with National Treasury Regulation 3.2.1. The assessments are conducted both at strategic and operational levels. Over and above the risk assessment, during monitoring of risk treatment action plans an assessment of emerging risk is performed. The Department has established a Risk and Ethics Management Committee (REMC) which is made up of external members and internal officials at senior management level.

The Committee meets quarterly and at times, special meetings are convened as and when a need arises. The Committee also advises management on improving the control environment and the effectiveness of the risk management process. The Department has appointed a manager responsible for risk and ethics management. The 2018/19 REMC Charter was reviewed and updated, and the Risk and Ethics Management Implementation Plan was reviewed and approved.

The Audit and Risk Committee (ARC) assesses the effectiveness of risk management processes and programmes throughout the organisation. ARC also provides advice on risk and ethics management-related matters.

There is still enormous room for improvement and embedding risk and ethics management. There are also risk and ethics human resource capacity challenges within the Department. In trying to alleviate this challenge, a Risk Officer has been recruited on a temporary basis.

## 3. FRAUD AND CORRUPTION

The Department has an approved Fraud Prevention, Anti-Corruption and Whistle Blowing Policy and Implementation Plan. During the revision of the Whistle Blowing Policy, the Department considered fraud indicators which were highlighted by the Auditor-General of South Africa (AGSA) during the 2016/17 regulatory audit. In the period under review there were allegations of fraud and corruption which are being investigated.

## 4. MINIMISING CONFLICT OF INTEREST

In terms of the Public Sector Regulations (PSR) all Senior Management Service (SMS) employees, Middle Management Service (MMS), certain Occupational Specific Dispensation (OSD) employees, and employees in Finance and Supply Chain are required to disclose their financial interest via the eDisclosure system. To further strengthen governance within the Department, officials in the BBDS and CIS incentive schemes were also included within the eDisclosure framework. During the 2018/19 financial year all but one SMS member did not disclose financial interests as required. Four out of 43 MMS members did not disclose and all the officials within the Finance/SCM as well as the incentive schemes disclosed.

Disciplinary processes were put in place to manage the non-adherence to the PSR relating to non-disclosure by the identified officials.

Furthermore, all departmental employees are required by law, and in terms of the departmental policy, to obtain approval from the Accounting Officer prior to conducting other remunerative work outside of the public service on an annual basis. The Department further requires the disclosures of interests at all meetings.

## 5. CODE OF CONDUCT

The Code of Conduct for Public Servants, as prescribed in Chapter 2 of the Public Service Regulation of 2016, acts as a guideline to employees about the ethical expectations in their individual conduct and relationships with others. The Code of Conduct was implemented through training, and every official received a copy to ensure compliance. New employees were provided with training on the new regulations.

## 6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The Department of Small Business Development continues to manage health, safety and environmental issues through the Health and Safety Committee. All members of the Committee were appointed in terms of the Occupational Health and Safety Act (OHSA), Act No. 85 of 1993, and trained during the 2017/2018 financial year. In the period under review the Health and Safety Committee met on a quarterly basis where the health and safety concerns of the employees as well as Occupational and Health Safety (OHS) hazards were identified, discussed and where possible, resolved.

Furthermore, the Department has put in place mechanisms that, amongst others, allow for the review of its OHS management system at regular intervals to ensure its continuing suitability, adequacy, and effectiveness. This review includes assessing opportunities for improvement and the need for changes in the management system, including the OHS policy and objectives.

## 7. PORTFOLIO COMMITTEES

The Department is committed to meeting its obligations towards Parliament. Furthermore, the DSBD takes its engagements with the Portfolio Committee on Small Business Development seriously. It is in this light that the Department engaged with the Portfolio Committee.

Apart from the briefings on the Department's quarterly performance the Portfolio Committee considered amongst others:

- Small Enterprises Ombud Service Bill – a private members' bill introduced by Members of Parliament;
- The establishment of an Enterprise Development Fund;
- Progress report on the establishment of the Co-operative Bank Development Agency by Treasury;
- Issues relating to market access and the functions of the Departmental Market Access Unit;

- Progress report on the Abalimi Primary Co-operatives; and
- Issues around the incubation report

The Department responded by:

- Fast-tracking the establishment of a Small Business and Innovation Fund in collaboration with Treasury and the Department of Science and Technology;
- Facilitating the Proclamation of the Co-operatives Amendment Act (Act No. 6 of 2013);
- Updating and publicising Schedule 1 of the Small Enterprise Development Act;
- Consulting with a range of stakeholders on an alternative dispute resolution mechanism for SMMEs; and
- Informing the Portfolio Committee of the plans that will be implemented in support of the commitments made by the President during the State of the Nation Address.

## 8. GOVERNANCE FORUM WITH ENTITIES

In the period under review, the Governance Forum reviewed and subsequently approved the terms of reference of the Governance Forum which provides for the consideration of quarterly performance reports, exploring matters of common interest and matters which need to be elevated to the Executive Authority. Also, the outcomes and recommendations of the Governance Forum serve to inform the agenda of the quarterly meetings between the Executive Authority and the Accounting Authority (i.e. board of sefa and Seda). That said, the Governance Forum's reports were presented at the quarterly meetings of the Executive Authority and the Accounting Authority of 2018/19.

Also the Governance Forum established four workstreams; namely, Shared Services, Research, Communication/Stakeholder Management and International Relations. These workstreams made considerable efforts in guiding the effective and efficient utilisation of public resources entrusted to DSBD and the entities. Furthermore, they ensured optimal service delivery and also pursued joint activities and projects such as the establishment of a joint call centre to serve for SMMEs and Co-operatives clients in a seamless fashion. The Governance Forum also developed a joint reporting template for the purpose of accounting to the Portfolio Committee on Small Business Development on the performance of the SBD Portfolio.



The scheduled Governance Forum meetings are listed below:

Table 20: 2018/19 Governance Forums

Reporting Period	Date
Quarter 4 of 2017/18	26 April 2018
Quarter 1 of 2018/19	14 August 2018
Quarter 2 of 2018/19	12 December 2018
Quarter 3 of 2018/19	Meeting was deferred

## 9. STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA) RESOLUTIONS

None. The Department has not been invited to SCOPA and thus there are no standing resolutions.

## 10. PRIOR MODIFICATIONS TO AUDIT REPORTS

None.

## 11. INTERNAL CONTROL UNIT

The Department does not have a dedicated Internal Control Unit. The responsibility for internal controls lies primarily with management. Monitoring of controls forms an integral part of the risk management system, and the adequacy of internal controls is also reviewed through internal and external audits.

## 12. INTERNAL AUDIT

The Internal Audit Unit is in place and reports functionally to the Audit and Risk Committee and administratively to the Director-General. A risk-based audit plan

was approved by the Audit and Risk Committee including mid-year adjustments to align the audit plan with available internal audit capacity. All major risk areas of the Department were subjected to audit evaluation and assessment with the exception of incentives which were undergoing an investigation by the AGSA during the 2018/19 financial year.

The Unit provided value adding assurance services in a wide range of processes including governance, performance information, SCM and asset management as well as development finance incentives. The focus during the 2018/19 financial year was also to assess progress made in implementation of previous recommendations and action plans.

The Internal Audit Unit lost two of the contract staff members which could not be replaced during the financial year. Lack of capacity had a significant impact on the operations of the Internal Audit Unit in 2018/19.

## 13. THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (ARC) is in place and provides oversight over internal control, risk management and governance matters in the Department. The Committee operates in terms of an approved Audit and Risk Committee Charter and in accordance with the requirements of the PFMA and Treasury Regulations.

The Audit and Risk Committee started the 2018/19 financial year with two vacancies. These vacancies were filled in November 2018. For the first six months of the financial year, the ARC operated with two external members with the former Director-General serving as a third member. ARC was nevertheless able to fulfil its function whilst the recruitment process was underway to fill the vacancies.

During the 2018/19 financial year ARC held a total of eight meetings.

## Schedule of Audit and Risk Committee Members and Meeting attendance:

Name	Qualification	Internal/ External	Date Appointed/ terminated	Meetings
<b>Mr. Ayanda Wakaba (Chairperson)</b>	B. Acc, BCompt (Hons), MBA	External	December 2015	8/8
<b>Ms. Veronica du Preez</b>	BA, BCom, MBA, CIA	External	December 2015	8/8
<b>Ms. Edith Vries</b>	Bsc, Honours, MSc	Internal	September 2018	4/4
<b>Mr. Lindokuhle Mkhumane</b>	BCom, PDG, MBL	Internal	October 2018	4/4
<b>Dr. Anushka Bogdanov</b>	BCom, DGD, MBA, PHD International Finance.	External	November 2018	4/4
<b>Mr. Charl de Kock</b>	MCom, CISA, CIA, BCom Hons (Acc), SAIPA (IT Audit).	External	November 2018	4/4

ARC met with the Executive Authority in January 2019 and presented its oversight report. ARC effectively exercised its oversight function.

## 14. AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2019.

### 14.1. AUDIT AND RISK COMMITTEE RESPONSIBILITY

ARC reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Committee also reports that it has adopted appropriate formal terms of reference as its Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

### 14.2. OPERATIONS OF THE AUDIT AND RISK COMMITTEE

During the period under review the following activities, inter alia, were undertaken by ARC towards the achievement of its mandate:

- Approved the internal audit strategic plans;
- Approved the reviewed Internal Audit Charter and Audit and Risk Committee Charter;
- Reviewed internal audit quarterly progress reports against plans;
- Approved the Audit Strategy for 2018/19;
- Reviewed the quarterly financial and performance information of the Department;
- Reviewed progress on management action plans to address audit findings;
- Considered the effectiveness of the risk management system;
- Evaluated its performance for 2018/19 and effectiveness in fulfilling its functions; and
- Approved the draft Annual Financial Statements and the annual performance report for 2018/19 before submission to the Auditor-General.

### 14.3. THE EFFECTIVENESS OF INTERNAL CONTROL

The Audit and Risk Committee reviewed reports presented by management and audit reports received from both internal and external audits. The Committee has considered all information at its disposal and concluded that the system of internal control is generally sound with a need for improvement in certain areas, notably the incentive grants where significant gaps were identified in the control environment.

The Committee noted with concern the persistence of control weaknesses in the administration of the Incentive Grants Programmes. Significant among these is non-compliance with the incentive guidelines and standard operating procedures, lack of monitoring of the funded activities as well as exposure to fraud and corruption. The Committee held a focused meeting with management to analyse the root causes for the control weaknesses and to identify possible solutions. A set of resolutions was adopted and the Committee is monitoring the implementation along with management's action plan formulated to address control gaps identified during the previous year's audit undertaken by the Auditor-General on the programmes.

ARC noted the conclusion of the investigation into allegations of fraud and irregularities in the Co-operatives Incentives Scheme and the Black Business Supplier Development Programme. The Committee has reviewed the management response plan in respect

of the investigation and is satisfied with the identified remedial measures planned to address recommendations.

#### 14.4. RISK MANAGEMENT

The Committee reviewed the quarterly reports of the Risk and Ethics Management Committee and noted the adoption of the following:

- The 2019/20 Strategic Risk Register;
- The Risk Management Implementation Plan for 2019/20; and
- Fraud Prevention and Whistleblowing Implementation Plan for 2019/20.

The Department's attitude towards risk and ethics management is gradually improving as the Department reports on the implementation of risk management action plans. The Committee is still concerned with the level of maturity in the risk management processes as well as a lack of capacity in this area.

#### 14.5. IN-YEAR MANAGEMENT AND QUARTERLY REPORTS

The Committee considered the quarterly financial and performance information reports submitted by management and has obtained assurance from Internal Audit, the CFO and the Performance Monitoring Unit on the adequacy of these reports. Focused oversight was applied to areas of underspending in transfers as this has continued from the 2017/18 financial year. Recovery measures for underspending were presented by management and tracked on a quarterly basis.

#### 14.6. EVALUATION OF FINANCIAL STATEMENTS

The Committee has:

- Reviewed and discussed the audited Annual Financial Statements with management;
- Reviewed the Auditor-General's Management Report and management responses thereto;
- Reviewed the accounting policies and practices;
- Reviewed the departmental compliance with legal and regulatory provisions and;
- Reviewed the information on predetermined objectives to be included in the annual report and is satisfied with the accuracy and presentation.

#### 14.7. CONSIDERATION OF AGSA'S REPORT

The Committee has met with the Auditor-General to ensure that there are no unresolved issues. The Committee concurs and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.

#### 14.8. APPRECIATION

The Audit and Risk Committee expresses its sincere appreciation to the Executive Authority, Accounting Officer, Auditor-General of South Africa, Management, and Internal Audit for their support and cooperation.



**Mr. Ayanda Wakaba**

*Chairperson of the Audit and Risk Committee*



# **PART D:** HUMAN RESOURCE MANAGEMENT



# 1. INTRODUCTION

The information contained in this part of the annual report has been prescribed by the Minister for the Public Services and Administration for all departments in the public service.

## 2. OVERVIEW OF HUMAN RESOURCES

### 2.1 THE STATUS OF HUMAN RESOURCES IN THE DEPARTMENT

Human resources in the Department is considered both a strategic partner and equal partner to core business in the attainment of departmental goals.

### 2.2 HUMAN RESOURCES PRIORITIES FOR THE PERIOD UNDER REVIEW

- Attainment of 50% of female Senior Management Service (SMS) representation at top echelon was recorded at 53.8% (21 of 39) as at 31 March 2019;
- Percentage of People with Disability (PWD) employed was achieved at 3.1% against the annual target of 2%;
- Reduction of funded vacancy rate of 10% and below, to ensure adequate human resources capacity to achieve departmental goals and targets are attained and this is attributable to new appointments and promotion opportunities that were created in the period under review.

### 2.3 EMPLOYEE PERFORMANCE MANAGEMENT

All employees sign performance agreements within three months of appointment and annually, all employees are assessed during the bi-annual and annual performance reviews. Employees whose performance is outstanding are rewarded via a cash award. Employees whose performance is below expectations are taken through the Performance Improvement Plan (PIP).

### 2.4 EMPLOYEE WELLNESS PROGRAMMES

- The Department recognises that the health and wellbeing of employees directly impacts on productivity hence there is a wellness programme in place administered by Independent Counselling and Advisory Services (ICAS) to employees and family members 24 hours, 7 days a week. ICAS provides face-to face and telephonic counselling and work environment enhancement services to employees.
- The Employee Health and Wellness programme provides an assortment of services ranging from physical and financial through emotional wellness.

### 3. HUMAN RESOURCES OVERSIGHT STATISTICS

Human resources oversight statistics are provided as per the prescribed template.

#### 3.1. PERSONNEL-RELATED EXPENDITURE

The following tables summarise the financial audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- Amount spent on personnel
- Amount spent on salaries, overtime, homeowner’s allowance and medical aid.

Table 3.1.1<sup>1</sup> Personnel expenditure by programme for the period 1 April 2018 and 31 March 2019

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	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	125 451	65 356	576	13	52.1%	695
Sector Policy and Research	17 023	10 874	0	0	63.9%	572
Integrated Co-operatives Development	75 278	28 428	0	0	37.8%	748
Enterprise Development & Entrepreneurship	1 201 766	28 379	0	0	2.4%	603
Periodical Remuneration		1 379	0	0		1 379
<b>TOTAL</b>	<b>1 419 518</b>	<b>133 036</b>	<b>576</b>	<b>13</b>	<b>9.4%</b>	<b>672</b>

<sup>1</sup> Information reflected in table 3.1.1 includes the Political Office Bearers and employment additional to the establishment. Periodical Remuneration is reflected below totals due to the periodical employees not forming part of the establishment.

The DSBD consists of 4 Programmes. Close to 50% (94 of 198) of employees are situated within Programme 1: Administration with close to 50% of the personnel expenditure resorting within this programme. Significantly less (9.6% or 19 of 198) employees are within the Sector Policy and Research Branch and just over 8% of the personnel expenditure resorts within this programme. Programme 3 and 4 takes up 21% of the compensation budget respectively. However, Programme 4 have significantly more employees on lower levels (salary level 8) than Programme 3. Training expenditure as well as registration with professional bodies are centralised under Human Resource Management in Administration.

Table 3.1.2<sup>2</sup> Personnel costs by salary band for the period 1 April 2018 and 31 March 2019

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (levels 1-2)	0	0%	0	0
Skilled (level 3-5)	3 850	2.9%	18	218
Highly skilled production (levels 6-8)	29 842	22.4%	71	421
Highly skilled supervision (levels 9-12)	47 515	35.7%	68	699
Senior and top management (levels 13-16)	50 792	38.2%	41	1 239
Periodical Remuneration	1 037	1.0%	1	1 037
<b>TOTAL</b>	<b>133 036</b>	<b>100%</b>	<b>198</b>	<b>672</b>

Just over 35% (71 of 198) of employees fall within the highly skilled production salary band. However only 22.4% of personnel expenditure is spent within this salary band. When considering senior and top management just over 38% of the personnel expenditure is spent within this salary band while only 20% of the staff complement is situated within this salary band. Within the highly skilled supervision salary band both expenditure and staff complement fall within the mid-30 percentage (34% of staff complement vs. just over 35% of personnel cost). Periodical remuneration makes up approximately 1% of the personnel expenditure.

<sup>2</sup> Notes: Information reflected in table 3.1.2 includes the Political Office Bearers and employment additional to the establishment. However, note that the total number of employees reflected does not include the official noted in periodical payments as the person does not form part of the permanent or employed additional to the establishment staff. Periodical Remuneration is reflected below totals due to the periodical employees not forming part of the establishment.

Table 3.1.3<sup>3</sup> Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2018 and 31 March 2019

Programme	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
Administration	54 461	89.5%	502	0.8%	642	1.0%	1 304	2.0%
Sector Policy and Research	9 723	89.4%	0	0.0%	52	0.5%	232	2.1%
Integrated Co-operatives Development	25 394	89.3%	27	0.1%	226	0.8%	565	2.0%
Enterprise Development & Entrepreneurship	24 810	87.4%	29	0.1%	439	1.5%	919	3.2%
Periodical	1 037	100%	0	0.0%	0	0.0%	0	0.0%
<b>TOTAL</b>	<b>118 387</b>	<b>89.0%</b>	<b>557</b>	<b>0.4%</b>	<b>1 360</b>	<b>1.0%</b>	<b>3 021</b>	<b>2.3%</b>

In the main, salaries make up between 87% to just over 89% of the total personnel expenditure for programmes within the Department. In general, medical aid contributes 2% to just over 3% towards the personnel costs while housing varies at below 1% to just over 1%. The majority of employees working overtime were within Programme 1: Administration.

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2018 and 31 March 2019

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 (levels 1-2)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Skilled (levels 3-5)	3 288	85.4%	17	0.5%	160	4.2%	263	6.8%
Highly skilled production (levels 6-8)	25 517	85.5%	440	1.5%	811	2.7%	1 648	5.5%
Highly skilled supervision (levels 9-12)	42 436	89.3%	100	0.2%	268	0.6%	707	1.5%
Senior management (levels 13-16)	46 109	90.8%	0	0.0%	120	0.2%	402	0.8%
Periodical	1 037	100%	0	0.0%	0	0.0%	0	0.0%
<b>TOTAL</b>	<b>118 387</b>	<b>89.0%</b>	<b>557</b>	<b>0.4%</b>	<b>1 360</b>	<b>1.0%</b>	<b>3 021</b>	<b>2.3%</b>

<sup>3</sup> Information reflected in table 3.1.3 includes the Political Office Bearers and employment additional to the establishment.



Salaries made up a higher percentage of the personnel cost within the senior management and highly skilled supervision salary bands while benefits such as medical aid and home owners' allowance made up a higher percentage on the skilled and highly skilled production salary bands. Overtime was mainly concentrated within the highly skilled production salary band.

### 3.2. EMPLOYMENT AND VACANCIES

The tables in this section summarise the position with regard to employment and vacancies.

Table 3.2.1 Employment and vacancies by programme as on 31 March 2019

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	99	88	11.1%	4
Sector Policy and Research	22	19	13.6%	0
Integrated Co-operatives Development	40	38	5.0%	0
Enterprise Development & Entrepreneurship	47	47	0%	0
<b>TOTAL</b>	<b>208</b>	<b>192</b>	<b>7.7%</b>	<b>4</b>

At the end of the reporting period the Department had a total of 208 funded posts on the establishment (excluding the Political Office Bearers). Close to 50% (99 of 208) of the funded posts of the Department are within Programme 1: Administration and are responsible for delivery of support services, such as, supporting the Office of the DG with risk management, executive support, entity interface, providing financial-, supply chain- and human resources support services. Also, providing Communication-, Information Communication Technology-, Facilities- and Security Management resorts within this programme. The vacancy with the most significant impact on the Department, namely the Director-General post, resorted within this programme. In preparation for the 6th Administration the Department could not fill this post and thus, had to appoint the newly-appointed Deputy Director-General of Programme 4: Enterprise Development and Entrepreneurship as acting Director-General. Further, the Media Liaison Officer who also led the Communications and Marketing team terminated service during January 2019, which also placed a strain on the Department.

Within Programme 2: Sector Policy and Research the Department had three key vacancies of which the Deputy Director-General post responsible for the creation of a knowledge and policy environment that contributes toward the creation of employment and economic growth. In addition, the Chief Director: Research, Policy & Legislation post responsible for the provision of research and economic planning that directs evidence-based policy making and promotes sustainable growth opportunities for Co-operatives and SMMEs, as well as a post within the Sector-Wide Monitoring and Evaluation Directorate, were vacant.

While Programme 3: Integrated Co-operatives Development reflects two vacancies these are current and due to internal promotions. Delays are experienced in respect of filling these posts due to the current situation in respect of preparation for the 6th Administration. Programme 4: Enterprise Development & Entrepreneurship has been able to maintain a no-vacancy status over the last quarter.

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2019

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (levels 1-2)	0	0	0.0%	0
Skilled (levels 3-5)	17	17	0.0%	1
Highly skilled production (levels 6-8)	77	71	7.8%	0
Highly skilled supervision (levels 9-12)	72	67	6.9%	1
Senior management (levels 13-16)	42	37	11.9%	2
<b>TOTAL</b>	<b>208</b>	<b>192</b>	<b>7.7%</b>	<b>4</b>

The highest vacancy rate was within the senior management levels. However, the vacancy in respect of the Director-General post could not be filled due to a determination by the President. Challenges to fill the vacant Deputy Directors-General posts within Programme 2 and 3 remained due to the redesign of the DDG: Enterprise Competitiveness Support post into a DDG: Sector Policy and Research post which proved to be a lengthy process while the DDG: Integrated Co-operatives Development post had to be filled via a head hunting process.

In addition, the Chief Director: Research, Policy & Legislation post also had to be redesigned where after it was advertised. Within the highly skilled supervision and production levels vacancies were mainly due to turnover in respect of terminations or promotions.

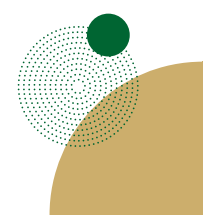


Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2019

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related	22	21	4.5%	0
Communication and Information Related	3	1	66.7%	1
Economists	1	1	0.0%	0
Finance and Economics Related	2	2	0.0%	0
Financial and Related Professionals	3	3	0.0%	0
Financial Clerks and Credit Controllers	4	4	0.0%	0
Food Services Aids and Waiters	3	3	0.0%	1
Head of Department / Chief Executive Officer	1	0	100.0%	0
Human Resources & Organisational Development & Related Professionals	5	2	60.0%	0
Human Resources Clerks	1	1	0.0%	0
Human Resources Related	11	10	9.1%	0
Legal Related	2	2	0.0%	0
Library Mail and Related Clerks	1	1	0.0%	0
Light Vehicle Drivers	3	3	0.0%	0
Logistical Support Personnel	5	5	0.0%	0
Messengers Porters and Deliverers	1	1	0.0%	0
Risk Management and Security Services	4	3	25.0%	0
Secretaries & Other Keyboard Operating Clerks	22	21	4.5%	0
Senior Managers	41	37	9.8%	2
Trade/Industry Advisers & Other Related Professionals	73	71	2.7%	0
<b>TOTAL</b>	<b>208</b>	<b>192</b>	<b>7.7%</b>	<b>4</b>

In the main, the Department is not experiencing challenges to recruit in respect of skills shortage. However, the Department had to revert to a head-hunting process for the DDG: Integrated Co-operatives Development post. Another post that is also challenging in respect of sourcing due to specific skills sets is the Webmaster post.

Delays in filling other vacancies are mainly due to the lengthy job evaluation and consultation process. Of concern for the Department is the inability to fill the Director-General and Deputy Directors-General Vacancies as these posts are required to ensure stability in respect of the strategic guidance provided to senior managers. However, these posts will remain vacant until clarity is received in respect of the way forward with the 6th Administration.

### 3.3. FILLING OF SMS POSTS

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

Table 3.3.1 SMS post information as on 31 March 2019

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 / Head of Department	1	0	0.0%	1	100.0%
Salary Level 16	1	1	100.0%	0	0.0%
Salary Level 15	3	1	33.3%	2	66.7%
Salary Level 14	9	8	88.9%	1	11.1%
Salary Level 13	28	27	96.4%	1	3.6%
<b>TOTAL</b>	<b>42</b>	<b>37</b>	<b>88.1%</b>	<b>5</b>	<b>11.9%</b>

The Department has struggled to fill senior management positions, mainly due to the challenge of finalising a redesigned structure and thus, a continuous redesign of posts, followed by the job evaluation process. However, the Department has improved significantly with 1 of the current vacancies (Director: Communication) within senior management becoming vacant within the last 2 months. The Director-General and Deputy Director-General vacancies remain a challenge and will not be filled in the next coming financial year. The Department was also able to abolish the Chief Director: Communications and Marketing post and replace this post with a Director post. In addition, a Director post within the Ministry was also abolished.

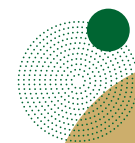


Table 3.3.2 SMS post information as on 30 September 2018

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/ Head of Department	1	1	100.0%	0	0.0%
Salary Level 16	1	1	100.0%	0	0.0%
Salary Level 15	3	1	33.3%	2	66.7%
Salary Level 14	10	9	90.0%	1	10.0%
Salary Level 13	28	25	89.3%	3	10.7%
<b>TOTAL</b>	<b>43</b>	<b>37</b>	<b>86.0%</b>	<b>6</b>	<b>13.9%</b>

As at 30 September 2018 the Department had 6 vacancies within the Senior Management Service. Two of these vacancies were Deputy Director-General posts. While the DDG: Integrated Co-operatives Development post were previously advertised and candidates interviewed, the Department could not secure the skills set required for the post and therefore, embarked on a head-hunting exercise. Two posts, namely the DDG: Sector Policy & Research and CD: Research, Policy & Legislation went through a redesign and job evaluation process that delayed the recruitment and selection process. Three Director Posts were also vacant at this stage, namely the Director: Strategic Partnerships & Market Access, Director: Institutional Arrangements and the Parliamentary Liaison Officer within the office of the Minister.

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2018 and 31 March 2019

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 / Head of Department			
Salary Level 16			
Salary Level 15		1	
Salary Level 14		1	
Salary Level 13		1	1
<b>TOTAL</b>		<b>3</b>	<b>1</b>

A total of four senior management posts were filled during the reporting period. These posts include the Special Advisor (level 16) to the Minister, the DDG: Enterprise Development and Entrepreneurship, the Dir: Strategic Partnerships & Market Access as well as the Dir: SMME Institutional Arrangements. However, of these four posts only the Dir: SMME Institutional Arrangements post was advertised and filled within six months of creating the post. The Special Advisor and DDG post took more than 12 months to fill and only the DDG post followed the normal recruitment and selection process. In addition, the Dir: Strategic Partnerships and Market Access took just over 12 months to fill from becoming vacant.

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 2018 and 31 March 2019

Reasons for vacancies not advertised within 6 months
<p><b>Special Advisor post (L16)</b> – The recruitment of a Special Advisor post was facilitated by the Department with the assistance of the DPSA and consultations process took longer than anticipated; as such it could not be finalised with the defined timeframes.</p>
<p><b>DDG posts (L15)</b> – Initially the Department had the intention of combining the DDG: Enterprise Development and Entrepreneurship and DDG: Integrated Co-operatives Development posts and only creating 1 DDG post. However, the input received from various forums during the redesign of the structure resulted in the Department remaining with both posts, where after the posts were advertised for filling as a matter of urgency.</p>

Reasons for vacancies not filled within 12 months
<p><b>Special Advisor post (L16)</b> – – The recruitment of a Special Advisor post was facilitated by the Department with the assistance of the DPSA and consultations process took longer than anticipated as such it could not be finalised with the defined timeframes.</p>
<p><b>DDG posts (L15)</b> – Initially the Department had the intention of combining the DDG: Enterprise Development and Entrepreneurship and DDG: Integrated Co-operatives Development posts and only creating 1 DDG post. However, the input received from various forums during the redesign of the structure resulted in the Department remaining with both posts. However, only the DDG: Enterprise Development &amp; Entrepreneurship post was filled. This process was also the Department's first venture into filling a top management position and therefore, a learning curve. The DDG: Integrated Co-operatives Development post could however, not be filled and the Department had to venture into a head-hunting process.</p>

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 2018 and 31 March 2019

Reasons for vacancies not advertised within 6 months
<p>No disciplinary action was taken for not complying with the prescribed timeframe noting that the Department had the intention of only filling one post initially. In addition, the redesign of posts as well as the job evaluation process further delayed advertising of posts.</p>

Reasons for vacancies not filled within 6 months
<p>No disciplinary action was taken for not complying with the prescribed timeframe noting that the Department had the intention of only filling one post initially. In addition, other factors that impacted finalising the process was the challenge in respect of obtaining the correct skills set which resulted in head-hunting exercises.</p>

### 3.4. JOB EVALUATION

The following tables 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.

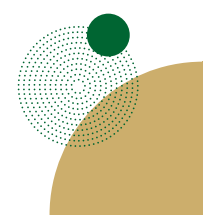
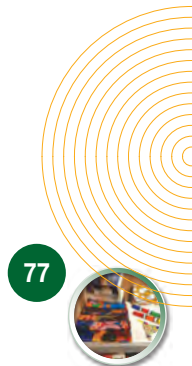


Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2018 and 31 March 2019

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 (Levels1-2)	0	0	0.0%	0	0.0%	0	0.0%
Skilled (Levels 3-5)	17	0	0.0%	0	0.0%	0	0.0%
Highly skilled production (Levels 6-8)	77	2	9.1%	0	0.0%	0	0.0%
Highly skilled supervision (Levels 9-12)	72	4	5.6%	0	0.0%	0	0.0%
Senior Management Service B and A	28	18	64.3%	0	0.0%	0	0.0%
Senior Management Service B and B	9	6	66.7%	0	0.0%	0	0.0%
Senior Management Service B and C	3	1	33.3%	0	0.0%	0	0.0%
Senior Management Service B and D	2	1	50.0%	0	0.0%	0	0.0%
<b>TOTAL</b>	<b>208</b>	<b>32</b>	<b>17.8%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>

During the reporting period priority was given to senior management jobs in respect of job evaluation due to the redesign of the organisational structure. A total of 32 jobs were job-evaluated during the reporting period and 81.3% (26 of 32) were senior management posts. However, the jobs evaluated represent a total of 37 posts on the approved establishment of the Department. Within the highly skilled production salary band the 2 jobs that were evaluated represent 7 posts. No posts were re-graded (up- or downgraded) during the reporting period.

The majority of employees within the DSBD occupied posts that were graded at the dti. Grading of the DSBD posts reflected lower grading levels e.g. Deputy Director posts tended to grade on salary level 11, Assistant Director posts graded on salary level 9. Also, the DSBD implemented the centrally graded results for Personal Assistants which is graded on salary level 7 and not 8 as per the employees transferred initially. The above resulted in employees being remunerated at the upper end of the salary brackets (e.g. salary levels 8, 10 or 12) until they terminated service with the Department where after the posts were filled at the lower end of the salary brackets (e.g. salary level 6 for Administrators, level 7 for Personal Assistants, level 9 for Assistant Directors and level 11 for Deputy Directors).

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2018 and 31 March 2019

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

No employees were upgraded during the reporting period due to an upgrade of their post. Only one request for re-evaluation was received; however the post graded on the current level.

<b>Employees with a disability</b>	0
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No employees with a disability were upgraded during the reporting period due to an upgrade of their post.

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2018 and 31 March 2019

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Secretaries and other Keyboard Operators	5	7	8	As per initial transfer level from previous Department
Secretaries and other Keyboard Operators	1	6	8	As per initial transfer level from previous Department
Secretaries and other Keyboard Operators	4	6	7	As per initial transfer level from previous Department
Administrative Related	1	6	7	As per initial transfer level from previous Department
<b>Total number of employees whose salaries exceeded the level determined by job evaluation</b>				<b>11</b>
<b>Percentage of total employed</b>				<b>5.6%</b>

At present, 5.6% (11 of 196) of the Department's employees are remunerated above the job evaluated grade. These employees previously occupied Personal Assistant, Advanced Team Assistant, Team Assistant or Administrative Assistant posts. The Personal Assistant post was centrally graded by DPSA on salary level 7. The other posts, namely Advanced Team Assistant, Team Assistant and Administrative Assistant posts perform the same functions with the exception of number of business units that they serve. The functions of these posts conform to the generic Administrator post and thus was converted on the redesigned structure. With the exception of one post all of the employees occupying these posts were transferred to the DSBD on these levels.

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2018 and 31 March 2019

Gender	African	Asian	Coloured	White	Total
Female	6		1	3	10
Male			1		1
<b>TOTAL</b>	<b>6</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>11</b>
<b>Employees with a disability</b>	0	0	0	0	0

No employees with a disability were remunerated above the grade determined by job evaluation.



### 3.5. EMPLOYMENT CHANGES

This section provides information on changes in employment over the financial year.

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2018 and 31 March 2019

Salary band	Number of employees at beginning of period – 1 April 2018	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)	13	2	1	7.7%
Highly skilled production (Levels 6-8)	68	11	3	4.4%
Highly skilled supervision (Levels 9-12)	59	7	5	8.5%
Senior Management Service Band A	24	2	1	4.2%
Senior Management Service Band B	9	0	0	0.0%
Senior Management Service Band C	0	0	0	0.0%
Senior Management Service Band D	0	0	0	0.0%
Contracts	41	4	31	75.6%
<b>TOTAL</b>	<b>214</b>	<b>26</b>	<b>41</b>	<b>19.2%</b>

While a high turnover was registered for the reporting period at 19.2% this is mainly due to the termination of contracts. When considering the turnover in respect of permanent employees the Department registered a turnover of 5.8% which translates into a turnover rate of approximately 1.5% per quarter. Of concern for the Department was the terminations within the highly skilled supervision level as these translates into a turnover of above 2% per quarter.

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2018 and 31 March 2019

Critical occupation	Number of employees at beginning of period - April 2018	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Administrative Related	29	6	8	27.6%
Communication and Information Related	0	1	0	0.0%
Economists	0	0	0	0.0%
Finance and Economics Related	3	0	1	33.3%
Financial and Related Professionals	4	0	0	0.0%
Financial Clerks and Credit Controllers	5	1	3	60.0%
Food Services Aids and Waiters	4	0	0	0.0%
Head of Department / Chief Executive Officer	1	0	1	100%
Human Resources & Organisational Development & Related Professionals	2	0	1	50.0%
Human Resources Clerks	1	0	0	0.0%
Human Resources Related	13	0	2	15.4%
Legal Related	1	1	0	0.0%
Library Mail and Related Clerks	0	1	0	0.0%
Light Vehicle Drivers	2	2	0	0.0%
Logistical Support Personnel	4	1	0	0.0%
Messengers Porters and Deliverers	1	0	0	0.0%
Other Administrative & Related Clerks & Organisers	12	0	12	100%
Risk Management and Security Services	2	1	2	100%
Secretaries & Other Keyboard Operating Clerks	22	2	0	0.0%
Senior Managers	38	3	2	5.3%
Trade/Industry Advisers & Other Related Professionals	70	7	9	12.9%
<b>TOTAL</b>	<b>214</b>	<b>26</b>	<b>41</b>	<b>19.2%</b>

While some occupations reflect 100% turnover these occupations are mainly occupied by a small number, e.g. one or two. In the instance where 12 employees terminated service these employees were employed on a 12-month contract and therefore the 100% turnover did not raise concern within the Department. Of concern for the Department is situations in which employees responsible for core functions, terminated service, such as the Trade/Industry Advisors and other related professionals. 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 2018 and 31 March 2019

Termination Type	Number	% of Total Resignations
Death	0	0%
Resignation	7	17.1%
Expiry of contract	28	68.3%
Dismissal – operational changes	0	0%
Dismissal – misconduct	1	2.4%
Dismissal – inefficiency	0	0%
Discharged due to ill-health	0	0%
Retirement	0	0%
Transfer to other Public Service Departments	5	12.2%
Other	0	0%
<b>TOTAL</b>	<b>41</b>	<b>100%</b>
<b>Total number of employees who left as a % of total employment</b>		<b>20.9%</b>

Over the reporting period 41 employees terminated service with the Department. Just over 68% (28 of 41) of terminations was due to contract expiry. In the main, this was due to the appointment of Capturers, Application and Claims Processors as well as Administrators appointed additional to the DSBD establishment to assist with a temporary increase in workload. Approximately 17% (7 of 41) of terminations were due to resignations received while around 12% (5 of 41) were due to transfers to other Government Departments. One senior manager's service was terminated due to misconduct.

Table 3.5.4 Promotions by critical occupation for the period 1 April 2018 and 31 March 2019

Occupation	Employees 1 April 2018	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	29	0	0%	7	24.1%
Communication and Information Related	0	0	0%	0	0%
Finance and Economics Related	3	0	0%	1	33.3%
Financial and Related Professionals	4	0	0%	1	25%
Financial Clerks and Credit Controllers	5	0	0%	2	40%
Food Services Aids and Waiters	4	0	0%	1	25%
Head of Department / Chief Executive Officer	1	0	0%	0	0%
Human Resources & Organisational Development & Related Professionals	2	1	50%	1	50%
Human Resources Clerks	1	0	0%	0	0%
Human Resources Related	13	0	0%	8	61.5%
Legal Related	1	0	0%	0	0%
Library Mail and Related Clerks	0	0	0%	0	0%
Light Vehicle Drivers	2	0	0%	1	50%
Logistical Support Personnel	4	0	0%	4	100%
Messengers Porters and Deliverers	1	0	0%	1	100%
Other Administrative & Related Clerks & Organisers	12	0	0%	0	0%
Risk Management and Security Services	2	0	0%	1	50%
Secretaries & Other Keyboard Operating Clerks	22	0	0%	10	45.5%
Senior Managers	38	1	2.6%	22	57.9%
Trade/Industry Advisers & Other Related Professionals	70	7	10%	48	68.6%
<b>TOTAL</b>	<b>214</b>	<b>9</b>	<b>4.2%</b>	<b>108</b>	<b>50.5%</b>

Nine employees (4.2%) were promoted during the reporting period. In the main, these employees resorted within the Trade/Industry Advisers and other related professionals occupation. Three employees were promoted to ASD level (salary level 9), two to DD level (level 11) and two to Business Development Officer Level (salary level 8). One employee was promoted within the Senior Management Service. This resulted in the first DDG post being filled within the Department.

Just over 50% (108 of 214) of employees received pay progression during the reporting period. Occupations where high levels (50% and above) of pay progression were noted includes Trade/Industry Advisers and other related professionals, Senior Managers, Messengers, Logistical Support Personnel, Light Vehicle Drivers, Human Resource Related and Human Resource and Organisational Development Related. These high levels of pay progression are mainly due to the employees being in their salary levels for extended periods.

Table 3.5.5 Promotions by salary band for the period 1 April 2018 and 31 March 2019

Salary Band	Employees 1 April 2018	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%
Skilled (Levels 3-5)	26	0	0.0%	4	15.4%
Highly skilled production (Levels 6-8)	86	2	2.3%	52	60.5%
Highly skilled supervision (Levels 9-12)	63	6	9.5%	30	47.6%
Senior management (Level 13-16)	39	1	2.6%	22	56.4%
<b>TOTAL</b>	<b>214</b>	<b>9</b>	<b>4.2%</b>	<b>108</b>	<b>50.5%</b>

A total of nine employees were promoted while 108 received pay progression over the reporting period. The majority of promotions (6 of 9) were within the highly skilled supervision salary band while the majority (52 of 86) of pay progression were within the highly skilled production salary band. More than 50% of senior management also received pay progression. A low percentage of pay progression was registered for the skilled salary band due to the majority of these employees being contract workers.

### 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 2019

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	15	2	1	0	14	3	2	2	39
Professionals	34	2	2	0	46	1	1	2	88
Technicians and associate professionals	14	0	1	0	19	0	0	1	35
Clerks	5	1	0	0	16	1	0	1	24
Service and sales workers	0	0	0	0	2	0	0	0	2
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	3	0	0	0	0	0	0	0	3
Elementary occupations	1	0	0	0	4	0	0	0	5
<b>TOTAL</b>	<b>72</b>	<b>5</b>	<b>4</b>	<b>0</b>	<b>101</b>	<b>5</b>	<b>3</b>	<b>6</b>	<b>196</b>
Employees with disabilities	4	0	0	0	2	0	0	0	6

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	1	0	0	0	1	0	0	0	2
Senior management	14	2	1	0	13	3	2	2	37
Professionally qualified and experienced specialists and mid-management	26	2	2	0	36	1	0	1	68
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	24	1	0	0	41	1	1	3	71
Semi-skilled and discretionary decision making	7	0	1	0	10	0	0	0	18
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>72</b>	<b>5</b>	<b>4</b>	<b>0</b>	<b>101</b>	<b>5</b>	<b>3</b>	<b>6</b>	<b>196</b>

Table 3.6.3 Recruitment for the period 1 April 2018 to 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	0	0	1	0	0	0	1
Senior management	1	0	0	0	1	0	0	0	2
Professionally qualified and experienced specialists and mid-management	4	0	0	0	5	0	0	0	9
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	3	0	0	0	8	0	0	0	11
Semi-skilled and discretionary decision making	2	0	0	0	1	0	0	0	3
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26</b>
Employees with disabilities	0	0	0	0	0	0	0	0	0

 Table 3.6.4<sup>4</sup> Promotions for the period 1 April 2018 to 31 March 2019

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	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid- management	4	0	0	0	1	1	0	0	6
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
<b>TOTAL</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>9</b>
Employees with disabilities	0	0	0	0	0	0	0	0	0

<sup>4</sup> Note - Nine employees within the Department were promoted to higher levels during the reporting period

Table 3.6.5<sup>5</sup> Terminations for the period 1 April 2018 to 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	0	0	0	1	0	0	1
Senior management	2	0	0	0	0	0	0	0	2
Professionally qualified and experienced specialists and mid management	5	0	0	0	2	0	0	0	7
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	11	0	0	0	9	0	0	0	20
Semi-skilled and discretionary decision making	3	0	0	0	8	0	0	0	11
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>41</b>
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2018 to 31 March 2019

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Verbal Warning	2	0	0	0	0	0	0	1	3
Written Warning	4	1	1	0	5	1	0	0	12
Final Written Warning	1	0	0	0	0	0	0	0	1
Dismissal	1	0	0	0	0	0	0	0	1
Not Guilty	0	1	0	0	0	1	0	0	2
<b>TOTAL</b>	<b>8</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>5</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>19</b>

<sup>5</sup> Termination includes resignation expiry of contract, retirement, transfers out of the Department and changes in employment capacity,



Table 3.6.7 Skills development for the period 1 April 2018 to 31 March 2019

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	14	1	1	0	7	2	2	1	28
Professionals	15	2	2	0	19	0	0	0	38
Technicians and associate professionals	8	1	0	0	9	0	0	0	18
Clerks	5	0	0	0	7	1	0	0	13
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	1	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	3	0	0	0	3
<b>TOTAL</b>	<b>43</b>	<b>4</b>	<b>3</b>	<b>0</b>	<b>45</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>101</b>
Employees with disabilities	2	0	0	0	1	0	0	0	3

Slightly less (101 vs. 124) employees attended some form of skills development training when considering the previous reporting period. More than half (28 of 39) of senior managers attended training during the reporting period. Training for senior managers centred around building strategic capability (Khaedu Training Programme) which is compulsory training course for all senior managers. While more males than females attended these training interventions during this reporting period (2018/19) it was mainly due to the prioritisation of females during the previous reporting period (2017/18).

### 3.7. SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS

All members of the SMS are required to 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 2018

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 / Head of Department	1	1	1	2.6%
Salary Level 16	0	0	0	0.0%
Salary Level 15	3	0	0	0.0%
Salary Level 14	10	11	9	23.1%
Salary Level 13	27	27	23	58.9%
<b>TOTAL</b>	<b>41</b>	<b>39</b>	<b>33</b>	<b>84.6%</b>

The Department had a total of 39 senior managers on 31 May 2018 (excluding the Political Office Bearers as well as the Special Advisor to the Minister). Only 33 senior managers complied with the due date of 31 May 2018 as prescribed for senior managers within the Public Service. Therefore, a significant decrease (by close to 10%) in compliance for the Department over the reporting period. Two of the senior managers who complied, are in posts additional to the establishment.

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 May 2018

Reasons
<b>Salary Level 16:</b> - Submission of a performance agreement for the Special Advisor to the Minister is not facilitated via the SMS performance management process.
<b>Salary Level 14:</b> 2 Chief Directors submitted their performance agreements late (1 June 2018).
<b>Salary Level 13:</b> 4 Directors did not comply with the due date. 2 submitted agreements that were still awaiting signature by their respective managers. 1 was dismissed on 11 June 2018 for misconduct. 1 did not provide reasons for the non-compliance.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2018

Reasons
6 senior managers were issued with written warnings for non-compliance with the performance management prescripts.

### 3.8. PERFORMANCE REWARDS

To encourage good performance, the Department granted the following performance rewards during the year under review.

Table 3.8.1<sup>6</sup> Performance Rewards by race, gender and disability for the period 1 April 2018 to 31 March 2019

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African	19	173	11%	583	30 676
Male	6	72	8.3%	135	22 556
Female	13	101	12.9%	447	34 423
Asian	0	7	0.0%	0	0
Male	0	4	0.0%	0	0
Female	0	3	0.0%	0	0
Coloured	0	10	0.0%	0	0
Male	0	5	0.0%	0	0
Female	0	5	0.0%	0	0
White	1	6	16.7%	46	46 410
Male	0	0	0.0%	0	0
Female	1	6	16.7%	46	46 410
<b>TOTAL</b>	<b>20</b>	<b>196</b>	<b>10.2%</b>	<b>629</b>	<b>31 462</b>

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2018 to 31 March 2019

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	0	0.0%	0	0	0.0%
Skilled (level 3-5)	2	18	11.1%	33	16 448	0.0002%
Highly skilled production (levels 6-8)	15	71	21.1%	388	25 900	0.003%
Highly skilled supervision (levels 9-12)	3	68	4.4%	208	69 283	0.002%
<b>TOTAL</b>	<b>20</b>	<b>157</b>	<b>12.7%</b>	<b>629</b>	<b>31 462</b>	<b>0.005%</b>

<sup>6</sup> Note - In the period under review, 10.2% (20 of 196) employees was eligible for performance awards to the total of R630 000.

The majority of employees that received performance bonuses were within the highly skilled production salary band at 75% (15 of 20). 15% (3 of 20) were within the highly skilled supervision salary band of which 67% (2 of 3) are within the core services environment while 33% (1 of 3) is within the support environment. Employees within the skilled salary band that received a performance award are within the support environment.

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2018 to 31 March 2019

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative Related	0	21	0.0%	0	0
Communication and Information Related	0	2	0.0%	0	0
Economists	0	1	0.0%	0	0
Finance and Economics Related	1	2	50%	60	60 068
Financial and Related Professionals	1	3	33.3%	25	25 328
Financial Clerks and Credit Controllers	2	4	50%	33	16 520
Food Services Aids and Waiters	2	4	50%	33	16 448
Head of Department / Chief Executive Officer	0	0	0.0%	0	0
Human Resources & Organisational Development & Related Professionals	0	2	0.0%	0	0
Human Resources Clerks	0	1	0.0%	0	0
Human Resources Related	2	10	20%	41	20 548
Legal Related	0	2	0.0%	0	0
Library Mail and Related Clerks	0	1	0.0%	0	0
Light Vehicle Drivers	0	3	0.0%	0	0
Logistical Support Personnel	0	5	0.0%	0	0
Messengers Porters and Deliverers	0	1	0.0%	0	0
Risk Management and Security Services	0	3	0.0%	0	0
Secretaries & Other Keyboard Operating Clerks	2	21	9.5%	68	33 868
Senior Managers	0	39	0.0%	0	0
Trade/Industry Advisers & Other Related Professionals	10	71	14.1%	369	36 908
<b>TOTAL</b>	<b>20</b>	<b>196</b>	<b>10.2%</b>	<b>629</b>	<b>31 462</b>

Eligible employees who received performance rewards during the reporting period were in the main (50%) within the Trade/Industry Advisors and other related occupations. These employees were amongst others responsible for Incentive Administration and International Relations. Employees from the support environment that received performance awards included Finance related, Human Resource related, Food Service Aids, and Secretaries and Other Keyboard Operating personnel.

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2018 to 31 March 2019

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	28	0.0%	0	0	0
Band B	0	9	0.0%	0	0	0
Band C	0	1	0.0%	0	0	0
Band D	0	1	0.0%	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>39</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 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 3.9.17 Foreign workers by salary band for the period 1 April 2018 and 31 March 2019

Salary band	01 April 2018		31 March 2019		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	-	-	-	-	-	-
Highly skilled production (levels 6-8)	-	-	-	-	-	-
Highly skilled supervision (levels 9-12)	-	-	-	-	-	-
Contract (levels 9-12)	-	-	-	-	-	-
Contract (levels 13-16)	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>7</sup> Note - the Department did not appoint any foreign workers over the reporting period.

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2018 and 31 March 2019

Major occupation	01 April 2018		31 March 2019		Change	
	Number	% of total	Number	% of total	Number	% Change
None						

### 3.10. LEAVE UTILISATION

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 2018 to 31 December 2018

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 (levels 1-2)	0	0%	0	0%	0	0
Skilled (levels 3-5)	130	58.5%	14	9.0%	9	113
Highly skilled production (levels 6-8)	484	52.7%	62	39.7%	8	783
Highly skilled supervision (levels 9 -12)	382	49.0%	51	32.7%	7	1 014
Top and senior management (levels 13-16)	181	54.1%	29	18.6%	6	753
<b>TOTAL</b>	<b>1 177</b>	<b>52.3%</b>	<b>156</b>	<b>100%</b>	<b>7</b>	<b>2 663</b>

Utilisation of sick leave significantly decreased over the reporting period (2018) as compared to the 2017 reporting period. Provision of medical certificates increased by more than 15%. The highly skilled supervision salary band remained the salary band with the highest estimated cost in respect of sick leave; however the skilled salary band registered the highest average number of sick leave days taken.

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2018 to 31 December 2018

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)	8	100%	1	11.1%	8	7
Highly skilled production (levels 6-8)	152	100%	3	33.3%	51	238
Highly skilled supervision (levels 9-12)	36	100%	4	44.4%	9	73
Senior management (levels 13-16)	12	100%	1	11.1%	12	52
<b>TOTAL</b>	<b>208</b>	<b>100%</b>	<b>9</b>	<b>100%</b>	<b>23</b>	<b>371</b>

The number of employees utilising temporary incapacity leave significantly increased which supports the concern that the decrease in average number of days utilised for sick leave may be due to the limited sick leave credits available. During the reporting period nine employees utilised a total of 208 days' incapacity leave. However, the average days utilised decreased by, on average, seven days. Still, considering that the number of employees utilising incapacity leave increased by 200% (from three to nine) the estimated cost of close to R400 000 raises a concern.

The table below summarises the utilisation of annual leave.

Table 3.10.3 Annual Leave for the period 1 January 2018 to 31 December 2018

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)	277	15	18
Highly skilled production (levels 6-8)	2 161	74	29
Highly skilled supervision (levels 9-12)	1 641	67	24
Senior management (levels 13-16)	964	39	25
<b>TOTAL</b>	<b>5 043</b>	<b>195</b>	<b>26</b>

A total of 195 employees utilised, on average, 26 days' annual leave during the reporting period. When considering the highest number of days of annual leave taken, the employees within the highly skilled production salary band took on average, 29 days per annum. A close correlation was found between the highly skilled supervision and senior management salary band with averages of 24 and 25 days respectively. However, it needs to be mentioned that a large number of employees within the above salary bands have 30 days' annual leave and therefore, these averages are acceptable for a 12-month period.

Table 3.10.4 Capped leave for the period 1 January 2018 to 31 December 2018

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 2019
Lower skilled (levels 1-2)	0	0	0	0
Skilled (levels 3-5)	0	0	0	34
Highly skilled production (levels 6-8)	0	0	0	9
Highly skilled supervision (levels 9-12)	0	0	0	47
Senior management (levels 13-16)	0	0	0	18
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26</b>

Over the reporting period no employee utilised capped leave.

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

Table 3.10.5 Leave payouts for the period 1 April 2018 and 31 March 2019

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2018/19 due to non-utilisation of leave for the previous cycle	15	1	15
Capped leave payouts on termination of service for 2018/19	0	0	0
Current leave payout on termination of service for 2018/19	455	34	13
<b>TOTAL</b>	<b>470</b>	<b>35</b>	<b>13</b>

The Department has adopted an approach of encouraging employees to utilise annual leave prior to the end of the cycle. This is not only due to the general requirements within the Public Service, but also due to the significant increase in utilisation of sick leave during the previous reporting period. Employees are notified that unused leave credits will only be paid out in extreme circumstances. During the reporting period one employee was paid out in respect of non-utilisation of leave. However, the payment was made due to a grievance lodged by the employee during a previous cycle and the case was in favour of the employee during arbitration. No capped leave was paid during the reporting period. Thirty-four employees terminated service with the Department and were paid on average R13 368.15 for unused leave at date of termination.



### 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	

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
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.	x		Ms Hendriën Rossouw Director: Human Resource Management
Does the Department have a dedicated unit or has it designated specific staff members to promote the health and wellbeing 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.	x		The Department has a Sub-directorate dedicated for Health and Wellness of Employees.  The unit comprises 2 employees and has appointed an EHW Service Provider (ICAS) from June 2019 responsible for psychosocial counselling services for a period of 3 years.  The estimated budget for the EHW Programme for the reporting period is R247 000.00.
Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this programme.	x		The following programmes were implemented: <ol style="list-style-type: none"> <li>1. A Health Programme focusing on the implementation of the National Health Calendar.</li> <li>2. Awareness / intervention programmes based on identified themes from services requested by employees, as well as themes based on the Psychosocial Counselling Programme.</li> <li>3. Quarterly General Health Screening Programme.</li> </ol>

Question	Yes	No	Details, if yes
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.	x		<p>A Health &amp; Wellness Committee has been established, comprising 18 members, categorised as follows:</p> <ol style="list-style-type: none"> <li><b>Evacuation Officers</b> <ul style="list-style-type: none"> <li>Simon Mokabane (Security Service Manager)</li> <li>Shirley Maabela (Employee Health and Wellness Programme Manager)</li> <li>Nompumelelo Radebe (Facilities and Auxiliary Services Manager)</li> <li>Rejoyce Maudu (OHS /Wellness Practitioner)</li> </ul> </li> <li><b>First Aiders</b> <ul style="list-style-type: none"> <li>Emerencia Phiri</li> </ul> </li> <li><b>Fire Fighters/ Fire Marshalls</b> <ul style="list-style-type: none"> <li>Milingoni Mugovhani</li> <li>Jane Mashego</li> <li>Kerileng Monyeki</li> </ul> </li> <li><b>Health and Safety Representatives</b> <ul style="list-style-type: none"> <li>Ziphora Malebye</li> <li>Tsietsi Thinane</li> <li>Gugu Sithole</li> </ul> </li> <li><b>Wellness Buddies</b> <ul style="list-style-type: none"> <li>Chantelle Martin</li> <li>Tshepo Mathibela</li> <li>Teboho Rapopo</li> <li>Nthambeleni Dahlia Seshebedi</li> </ul> </li> </ol>
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.	x		<ol style="list-style-type: none"> <li>HIV/AIDS and TB Management Policy.</li> <li>Funeral and Bereavement Policy.</li> </ol>
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.	x		Health Awareness and Dialogue Sessions.
Does the Department encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have you achieved.	x		During the reporting period, a total number of 127 employees participated in HIV Counselling and Testing (HCT) conducted by GEMS. The results of all employees tested during this period were negative. A total number of 3 employees voluntarily disclosed their HIV-positive status to the EHW Unit. Necessary support is rendered to them.
Has the Department developed measures / indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures / indicators.	x		<ol style="list-style-type: none"> <li>Administration of evaluation forms after information sessions.</li> <li>Administration of programme evaluation questionnaires.</li> </ol>

### 3.12. LABOUR RELATIONS

Table 3.12.1 Collective agreements for the period 1 April 2018 and 31 March 2019

<b>Total number of Collective agreements</b>	None
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No collective agreements were concluded during the reporting period.

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 2018 and 31 March 2019

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	-	-
Verbal warning	3	15.8%
Written warning	12	63.2%
Final written warning	1	5.3%
Suspended without pay	-	-
Fine	-	-
Demotion	-	-
Dismissal	1	5.3%
Not guilty	2	10.5%
Case withdrawn	-	-
<b>TOTAL</b>	<b>19</b>	<b>100%</b>

Nineteen cases of misconduct or discipline were registered during the reporting period. In more than 63% (12 of 19) cases were addressed via written warnings. These cases ranged from non-compliance to DSBD policies (e.g. leave and performance management), insubordination or failure to follow instructions, dereliction of duty or improper conduct. In three instances (15.8%) verbal warnings were provided for non-compliance to DSBD policy (leave) and unprofessional behaviour. In two (10.5%) instances employees were found not guilty of the nature of offence (late payroll certification). In one instance (5.3%) a senior manager was provided with a final written warning due to non-compliance with Public Service Policy and in another instance a senior manager was dismissed for insubordination.

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2018 and 31 March 2019

Type of misconduct	Number	% of total
Insubordination	1	5.3%
Failure to follow a lawful instruction	2	10.5%
Non-compliance: Performance Management	9	47.4%
Unprofessional behaviour	2	10.5%
Contravention of leave policy	2	10.5%
Contravention of Treasury Regulations	2	10.5%
Improper conduct	1	5.3%
<b>TOTAL</b>	<b>19</b>	<b>100%</b>

More than 52% (10 of 19) of disciplinary actions was due to non-compliance with DSBD policies (leave or performance management). Recourse ranged from a verbal warning for a first time offence, written warnings and a final written warning for a repeat offender. Close to 16% (3 of 19) of disciplinary action was due to insubordination or refusal to follow a lawful instruction. In these instances, discipline ranged from written warnings to dismissal dependant on the nature of the insubordination. Also, where a Senior Manager did not implement the necessary disciplinary action the manager was disciplined via a written warning for dereliction of duty. In two instances where senior managers did not comply with the certification of payrolls within the stipulated time, the disciplinary action was overturned for reasons provided.

Table 3.12.4 Grievances logged for the period 1 April 2018 and 31 March 2019

Grievances	Number	% of Total
Number of grievances resolved	21	95.5%
Number of grievances not resolved	1	4.5%
<b>Total number of grievances lodged</b>	<b>22</b>	<b>100%</b>

A total of 22 grievances were lodged over the reporting period. Close to 46% (10 of the 22) was in respect of the recruitment and selection process (unfair labour practice). For the reporting period assessment of the grievances showed no merit and therefore none of them were successful. Close to 20% (4 of 22) was in respect of declined incapacity leave. In these instances, the Health Risk Manager will provide recommendations to the Department and the Department will make a decision based on the recommendations. The remaining grievances (8 of 22) were in respect of placement on the structure, sessional allowance, performance management, benefits, probation and study leave. Four of these were successful.

Table 3.12.5 Disputes lodged with Councils for the period 1 April 2018 and 31 March 2019

Disputes	Number	% of Total
Number of disputes upheld	1	12.5%
Number of disputes dismissed	0	0%
Number of disputes pending	7	87.5%
<b>Total number of disputes lodged</b>	<b>8</b>	<b>100%</b>

Eight disputes were lodged over the reporting period. The majority (7 of 8) of these disputes are still pending. One dispute in respect of leave payout was upheld. Of the disputes pending, close to 43% (3 of 7) are in respect of unfair labour practice (promotion). The remaining disputes are in respect of a dismissal, perceived unfair suspension, a settlement agreement as well as sessional allowance.

Table 3.12.6 Strike actions for the period 1 April 2018 and 31 March 2019

<b>Total number of persons working days lost</b>	None
<b>Total costs working days lost</b>	None
<b>Amount recovered as a result of no work no pay (R'000)</b>	None

No strike action was reported during the reporting period.

Table 3.12.7 Precautionary suspensions for the period 1 April 2018 and 31 March 2019

<b>Number of people suspended</b>	9
<b>Number of people whose suspension exceeded 30 days</b>	0
<b>Average number of days suspended</b>	10
<b>Cost of suspension (R'000)</b>	R0

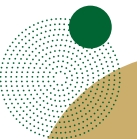
During 2017 the Department requested the Auditor-General to assist with a Forensic Investigation in respect of Incentive Administration within the Department. Findings in respect of the Investigation were provided to the Department during March 2019 and nine employees were suspended as a precautionary measure.

### 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 2018 and 31 March 2019

Occupational category	Gender	Number of employees as at 1 April 2018	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	21	0	19	0	19
	Male	20	0	18	0	18
Professionals	Female	49	0	20	0	20
	Male	44	0	20	3	23
Technicians and associate professionals	Female	18	0	11	0	11
	Male	13	0	9	2	11
Clerks	Female	15	0	8	0	8
	Male	6	0	5	0	5
Service and sales workers	Female	1	0	0	0	0
	Male	0	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	0	0	0	0	0
	Male	2	0	2	0	2
Elementary occupations	Female	4	0	3	1	4
	Male	1	0	0	0	0
Sub Total	Female	108	0	61	5	62
	Male	86	0	54	1	59
<b>TOTAL</b>		<b>194</b>	<b>0</b>	<b>115</b>	<b>6</b>	<b>121</b>



The Department prioritised training for senior managers to strengthen the strategic capability and to enable them to deliver on the key activities of the Department such as Policy, monitoring and evaluation, etc.

Table 3.13.2 Training provided for the period 1 April 2018 and 31 March 2019

Occupational category	Gender	Number of employees as at 1 April 2018	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	21	0	12	0	12
	Male	20	0	16	0	16
Professionals	Female	49	0	19	0	19
	Male	44	0	19	2	21
Technicians and associate professionals	Female	18	0	9	0	9
	Male	13	0	9	2	11
Clerks	Female	15	0	8	0	8
	Male	6	0	5	0	5
Service and sales workers	Female	1	0	0	0	0
	Male	0	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	0	0	0	0	0
	Male	2	0	1	0	1
Elementary occupations	Female	4	0	3	1	4
	Male	1	0	0	0	0
Sub Total	Female	108	0	51	1	52
	Male	86	0	50	4	54
<b>TOTAL</b>		<b>194</b>	<b>0</b>	<b>101</b>	<b>5</b>	<b>106</b>

During the reporting period the Department continued with empowering senior managers through training and development. In the main, focus was on Project Khaedu training with 22 senior managers attending various modules within the Project Khaedu suite. Prioritised training in respect of Evidence-Based Policy Making and Implementation also continued and seven senior managers attended this training. Other training and development interventions for senior managers were more transversal such as the attendance of seminars, or computer related training (e.g. advanced Excel).

Twenty-four employees from various categories attended the Compulsory Induction Programme while 27 attended training in respect of Occupational Health and Safety. Other training across the occupational categories focus training on basic project management and computer skills (e.g. from basic Excel to advanced Excel).

Nineteen employees attended training interventions specific to their area of expertise. These training interventions included amongst others Lean Management, Job Evaluation, DPME National Evaluation Seminar, and The Practice of PDIA: Building Capacity by Delivering Results, etc.

### 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 2018 and 31 March 2019

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0.0%
Temporary Total Disablement	1	100%
Permanent Disablement	0	0.0%
Fatal	0	0.0%
<b>TOTAL</b>	<b>1</b>	<b>100%</b>

One employee was on injury on duty due to temporary total disablement during the reporting period. However, the injury that the employee sustained did not occur in the reporting period but was carried over from previous reporting periods.



### 3.15. UTILISATION OF CONSULTANTS

The following tables relates information on the utilisation of consultants in the Department.

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2018 and 31 March 2019

No.	Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand (amount paid for the year under review )
1.	Franchise Lending Solution t/a SA Franchise Warehouse: Identification, researching and packaging 15 successful small businesses as micro franchisors for a period of 3 years	01	365	1 353 818.45
2.	Alexander Forbes Health: Health Risk Management services on Pillar-related services	01	365	18 122.16
3.	Wenzile Consulting: To provide Secretariat Resource vision of Human Resources within the Office of the Director-General to render Secretariat functions for a period of 12 months	01	365	212 896.94
4.	SAQA: To provide qualification verification services for the Department for a period of 36 months	01	365	19 863.00
5.	University of Cape Town: Assistance to the Department to identify factors that will drive growth in the formal business sector in South Africa for a period of 6 months	01	240	498 723.00
6.	Mthente Research and Consulting: Research to provide an overview of the economic challenges experienced by SMME Co-operatives in South Africa and a comparative analysis of policy responses of at least 3 countries at a similar stage of development and propose suitable policy responses to DSBD	01	272	373 400.00
7.	Osiba Holdings: Conduct a study on analysis and assessment of barriers to entry for SMMEs and Co-operatives to economic opportunities and to draft a policy framework	01	210	124 937.50
8.	Jupilog Pty Ltd: To conduct the 2018 Annual Review of SMMEs and Co-operatives in South Africa	01	211	922 531.45
9.	Wenzile Consulting: Provide Risk Management Resource for the Office of the Director-General for a period of 12 months.	01	150	154 694.12
10.	Mthente Research and Consulting: Study to identify opportunities for SMMEs and Co-operatives in strategic value chains within special economic	01	60	119 471.25
11.	Litha Lethu Management: Competency Assessment Services	01	1	14 922.00
12.	Small Business Projects (SBP): Red Tape Reduction Study	01	364	792 903.20

No.	Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand (amount paid for the year under review )
13.	Mogoma Research: Competency Assessment	01	1	9 800.00
14.	BIOSS International: Competency Assessment	01	1	24 351.00
15.	Treetops: Competency Assessment	01	1	14 328.00
16.	Afrominds: Facilitation Services	01	1	6 000.00
17.	ICAS SA: Provision of psychosocial counselling including eCare services and training	01	273	84 391.00
18.	PricewaterhouseCoopers (PWC): Competency Assessment	01	1	20 700.00
19.	Larona Consulting: Competency Assessment	01	1	16 234.00
20.	MMJ Language Solutions: Translation services	01	1	36 076.25
21.	Background Solutions: Competency Assessment	01	1	900.00
22.	Octagon Business Solutions: Competency Assessment	01	1	1 242.00
23.	Delta Environmental Consulting Engineers: Professional Engineering and Architecture	01	364	246 313.22
24.	Onsite Insight Conferencing: Translation and Interpretation services	01	1	31 100.00
25.	Elands Consulting: Facilitation services	01	2	89 355.00

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
None			

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2018 and 31 March 2019

No.	Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
1.	Franchise Lending Solution t/a SA Franchise Warehouse: Identification, researching and packaging 15 successful small business as micro franchisors for a period of 3 years	Level 4		3
2.	Alexander Forbes Health: Health Risk Management services on Pillar related services	Level 2		
3.	Wenzile Consulting: To provide Secretariat Resource vision of Human Resources within the Office of the Director General to render Secretariat functions for a period of 12 months	Level 1	100%	1
4.	SAQA: To provide qualification verification services for the Department for a period of 36 months	Government Entity		1
5.	University of Cape Town: Assistance to the Department to identify factors that will drive growth in the formal business sector in South Africa for a period of 6 months	Non-SMME		3
6.	Mthente Research and Consulting: Research to provide an overview of the economic challenges experienced by SMMEs and Co-operatives in South Africa and a comparative analysis of policy responses of at least 3 countries at a similar stage of development and propose suitable policy responses to DSB	Level 2		
7.	Osiba Holdings: Conduct a study on an analysis and assessment of barriers to entry for small, macro and medium enterprise and Co-operatives to economic opportunities and to draft a policy framework	Level 1	100%	
8.	Jupilog Pty Ltd: To conduct the 2018 Annual Review of SMMEs and Co-operatives in South Africa	Level 1	100%	
9.	Wenzile Consulting: Provide Risk Management Resource for the Office of the Director General for a period of 12 months.	Level 1	100%	1
10.	Mthente Research and Consulting: Study to identify opportunities for SMMEs and Co-operatives in strategic value chains within special economic	Level 1	100%	
11.	Litha Lethu Management: Competency Assessment Services	Level 2		1
12.	Small Business Projects (SBP): Red Tape Reduction Study	Level 4		
13.	Mogoma Research: Competency Assessment	Level 1	100%	1
14.	BIOSS International: Competency Assessment	Level 3		1
15.	Treetops: Competency Assessment	Level 2		1
16.	Afrominds: Facilitation Services	Level 1	100%	1

No.	Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
17.	ICAS SA: Provision of psycho-socio counselling including ecare services and training	Level 2		3
18.	PricewaterhouseCoopers (PWC): Competency Assessment	Government Entity		1
19.	Larona Consulting: Competency Assessment	Level 1	100%	1
20.	MMJ Language Solutions: Translation services	Level 1	100%	1
21.	Background Solutions: Competency Assessment	Level		1
22.	Octagon Business Solutions: Competency Assessment	Level		1
23.	Delta Environmental Consulting Engineers: Professional Engineering and Architecture	Level		1
24.	Onsite Insight Conferencing: Translation and Interpretation services	Level		4
25.	Elands Consulting: Facilitation services	Level		4

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
None			

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2018 and 31 March 2019

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
None			

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
None			

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically

Disadvantaged Individuals (HDIs) for the period 1 April 2018 and 31 March 2019

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
None			

### 3.16. SEVERANCE PACKAGES

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2018 and 31 March 2019

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
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

No formal requests for severance packages were received.

# PART E:

## FINANCIAL INFORMATION



# REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2019

## Report of the auditor-general to Parliament on vote no. 31: 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 115 to 201, which comprise the appropriation statement, the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Small Business Development as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with Modified the Cash Standard (MCS) prescribed by National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act 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 auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the Department in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional*

*Accountants (including International Independence Standards)* and the 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 codes.

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 matter below. My opinion is not modified in respect of this matter.

#### UNAUDITED SUPPLEMENTARY SCHEDULES

7. The supplementary information 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.

#### RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS prescribed by National Treasury 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.
9. In preparing the financial statements, the accounting officer is responsible for assessing the Department of Small Business Development'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.

# REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2019

## AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

10. 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.
11. 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

### INTRODUCTION AND SCOPE

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the Department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the Department for the year ended 31 March 2019:

Programmes	Pages in the annual performance report
<b>Programme 2:</b> Sector policy and research	33 - 43
<b>Programme 3:</b> Integrated Co-operatives development	44 - 51
<b>Programme 4:</b> Enterprise development and entrepreneurship	52 - 58

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. The material finding in respect of the usefulness and reliability of the selected programmes is as follows:

#### **PROGRAMME 2: SECTOR POLICY AND RESEARCH DRAFT NATIONAL ACCORD TO DRIVE THE SMALL BUSINESS MANDATE**

17. The planned target for this indicator was not specific in clearly identifying the nature and required level of performance and measurable.
18. I did not raise any material findings on the usefulness and reliability of the reported performance information for these programmes:
- Programme 3: Integrated Co-operatives development
  - Programme 4: Enterprise development and entrepreneurship



# REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2019

## OTHER MATTERS

19. I draw attention to the matters below.

### ACHIEVEMENT OF PLANNED TARGETS

20. Refer to the annual performance report on pages 27 to 58 for information on the achievement of planned targets for the year and explanations provided for the under/ over achievement of a significant number of targets. This information should be considered in the context of the material finding on the usefulness of the reported performance information in paragraph 17 of this report.

### ADJUSTMENT OF MATERIAL MISSTATEMENTS

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 2: sector policy and research, programme 3: integrated Co-operatives and development and programme 4: enterprise development and entrepreneurship. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness of the reported performance information. Those that were not corrected are reported above.

## Report on the audit of compliance with legislation

### INTRODUCTION AND SCOPE

22. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the Department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
23. The material findings on compliance with specific matters in key legislations are as follows:

### TRANSFERS AND SUBSIDIES

24. Appropriate measures were not maintained to ensure that transfers to entities relating to Black Business Supplier Development Programme (BBSDP) and Co-operative Incentive Scheme (CIS) were applied for the intended purposes, as required by Treasury Regulation 8.4.1.

### Other information

25. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information 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 in this auditor's report.
26. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
27. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information 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.
28. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

### Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The

# REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2019

matters reported below are limited to the significant internal control deficiencies that resulted in the finding on the annual performance report and the finding on compliance with legislation included in this report.

30. The Department developed a plan to address internal and external audit findings, but the appropriate level of management did not monitor adherence to the plan in a timely manner.
31. Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored.
32. The annual performance report contained misstatements that were corrected. This was mainly due to staff not fully understanding the performance information requirements.

## Other reports

33. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the Department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

## INVESTIGATIONS

34. The forensic investigation into non-compliance in incentive programmes Co-operatives Incentive Scheme (CIS) and Black Business Supplier Development Programme (BBSDP) was concluded on 5 April 2019. The investigation was conducted and covered the 2015-16 and 2016-17 financial periods.

### Pretoria

31 July 2019



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

# REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2019

## Annexure – Auditor-general's responsibility for the audit

1. 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 respect to the selected subject matters.

## FINANCIAL STATEMENTS

2. 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 by the accounting officer

- conclude on the appropriateness of the accounting officer's 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 related to events or conditions that may cast significant doubt on the Department of Small Business Development ability 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 the 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 continuing as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. 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.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

Department of Small Business Development – Vote 31  
**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2019*

**Appropriation per programme**

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Programme</b>									
1. Administration	127 121	-	819	127 940	125 451	2 489	98.1%	119 711	116 999
2. Sector Policy and Research	22 447	-	(1 435)	21 012	17 023	3 989	81.0%	17 324	16 748
3. Integrated Co-operatives Development	115 017	-	6 758	121 775	75 278	46 497	61.8%	99 296	99 204
4. Enterprise Development and Entrepreneurship	1 223 868	-	(6 142)	1 217 726	1 201 766	15 960	98.7%	1 239 339	1 226 533
<b>TOTAL</b>	<b>1 488 453</b>	<b>-</b>	<b>-</b>	<b>1 488 453</b>	<b>1 419 518</b>	<b>68 935</b>	<b>95.4%</b>	<b>1 475 670</b>	<b>1 459 484</b>
<b>TOTAL (brought forward)</b>				<b>1 488 453</b>	<b>1 419 518</b>			<b>1 475 670</b>	<b>1 459 484</b>
<b>Reconciliation with statement of financial performance</b>									
<b>ADD</b>									
Departmental receipts				1 329				551	
<b>Actual amounts per statement of financial performance (total revenue)</b>				<b>1 489 782</b>				<b>1 476 221</b>	
<b>ADD</b>									
Aid assistance				-				68	
<b>Actual amounts per statement of financial performance (total expenditure)</b>					<b>1 419 518</b>				<b>1 459 552</b>



Department of Small Business Development – Vote 31  
**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2019*

**Appropriation per economic classification**

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Economic classification</b>									
<b>Current payments</b>	<b>222 384</b>	<b>(2 073)</b>	<b>(819)</b>	<b>219 492</b>	<b>206 588</b>	<b>12 904</b>	<b>94.1%</b>	<b>210 880</b>	<b>207 107</b>
Compensation of employees	140 632	-	-	140 632	133 036	7 596	94.6%	132 452	129 006
Salaries and wages	123 292	693	(188)	123 797	118 388	5 409	95.6%	118 200	115 326
Social contributions	17 340	(693)	188	16 835	14 649	2 186	87.0%	14 252	13 681
Goods and services	81 752	(2 073)	(819)	78 860	73 551	5 309	93.3%	78 428	78 101
Administrative fees	1 095	(3)	15	1 107	978	129	88.3%	1 262	1 251
Advertising	1 733	(1 311)	-	422	393	29	93.2%	1 483	1 413
Minor assets	357	(198)	-	159	146	13	91.7%	162	159
Audit costs: External	5 143	166	-	5 309	5 307	2	100.0%	3 290	3 289
Bursaries: Employees	313	(21)	-	292	292	0	99.9%	187	186
Catering: Departmental activities	1 216	1 407	-	2 623	2 452	171	93.5%	3 720	3 712
Communication	702	610	-	1 312	1 269	43	96.7%	783	775
Computer services	8 236	(1 217)	25	7 044	7 040	4	99.9%	4 967	4 965
Consultants: Business and advisory services	11 687	(2 466)	(1 537)	7 684	5 470	2 214	71.2%	13 530	13 524
Legal services	900	(580)	-	320	318	2	99.5%	55	55
Contractors	671	568	-	1 239	1 051	188	84.8%	2 985	2 980
Agency and support / outsourced services	500	(259)	-	241	240	1	99.7%	170	170

Department of Small Business Development – Vote 31  
**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2019*

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Entertainment	26	(21)	-	5	4	1	85.2%	-	-
Fleet services	956	753	7	1 716	1 681	35	98.0%	1 081	1 072
Inventory: Clothing material and supplies	71	(71)	-	-	-	-	-	-	-
Consumable supplies	356	343	-	699	673	26	96.2%	495	487
Consumable: Stationery printing and office supplies	1 166	660	-	1 826	1 675	151	91.7%	1 008	966
Operating leases	20 238	122	-	20 360	20 358	2	100.0%	18 929	18 928
Property payments	-	4	-	4	3	1	85.9%	-	-
Travel and subsistence	20 200	1 694	669	22 563	20 767	1 796	92.0%	20 812	20 672
Training and development	1 100	(524)	-	576	576	0	99.9%	2 144	2 141
Operating payments	1 358	403	2	1 763	1 325	438	75.2%	715	705
Venues and facilities	3 728	(2 310)	-	1 418	1 357	61	95.7%	389	387
Rental and hiring	-	178	-	178	177	1	99.3%	261	260
<b>Transfers and subsidies</b>	<b>1 262 067</b>	<b>313</b>	<b>-</b>	<b>1 262 380</b>	<b>1 206 447</b>	<b>55 933</b>	<b>95.6%</b>	<b>1 258 319</b>	<b>1 245 919</b>
Departmental agencies and accounts	840 089	-	-	840 089	840 089	-	100.0%	811 301	811 301
Departmental agencies and accounts	840 089	-	-	840 089	840 089	-	100.0%	811 301	811 301
Public corporations and private enterprises	421 509	-	-	421 509	365 703	55 806	86.8%	446 845	434 460
Public corporations	10 000	-	-	10 000	10 000	-	100.0%	10 000	10 000



Department of Small Business Development – Vote 31  
**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2019*

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Other transfers to public corporations	10 000	-	-	10 000	10 000	-	100.0%	10 000	10 000
Private enterprises	411 509	-	-	411 509	355 703	55 806	86.4%	436 845	424 460
Other transfers to private enterprises	411 509	-	-	411 509	355 703	55 806	86.4%	436 845	424 460
Households	469	313	-	782	655	127	83.7%	173	158
Social benefits	269	213	-	482	455	27	94.3%	173	158
Other transfers to households	200	100	-	300	200	100	66.7%	-	-
<b>Payments for capital assets</b>	<b>4 002</b>	<b>1 760</b>	<b>819</b>	<b>6 581</b>	<b>6 483</b>	<b>98</b>	<b>98.5%</b>	<b>6 471</b>	<b>6 458</b>
Machinery and equipment	3 988	319	819	5 126	5 030	96	98.1%	4 973	4 960
Transport equipment	-	-	-	-	-	-	-	1 822	1 819
Other machinery and equipment	3 988	319	819	5 126	5 030	96	98.1%	3 151	3 141
Intangible assets	14	1 441	-	1 455	1 454	1	99.9%	1 498	1 498
<b>TOTAL</b>	<b>1 488 453</b>	<b>-</b>	<b>-</b>	<b>1 488 453</b>	<b>1 419 518</b>	<b>68 935</b>	<b>95.4%</b>	<b>1 475 670</b>	<b>1 459 484</b>

Department of Small Business Development – Vote 31  
**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2019*

**Programme 1: Administration**

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub programme</b>									
1. Ministry	29 335	3 418	-	32 753	32 713	40	99.9%	31 095	30 909
2. Departmental Management	20 607	(2 626)	-	17 981	16 314	1 667	90.7%	17 381	16 895
3. Corporate Services	52 544	(2 163)	819	51 200	50 604	596	98.8%	46 719	45 161
4. Financial Management	19 259	273	-	19 532	19 358	174	99.1%	16 584	16 281
5. Communications	5 376	1 098	-	6 474	6 461	13	99.8%	7 932	7 754
<b>Total for sub programmes</b>	<b>127 121</b>	<b>-</b>	<b>819</b>	<b>127 940</b>	<b>125 451</b>	<b>2 489</b>	<b>98.1%</b>	<b>119 711</b>	<b>116 999</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>123 486</b>	<b>(1 564)</b>	<b>-</b>	<b>121 922</b>	<b>119 529</b>	<b>2 393</b>	<b>98.0%</b>	<b>113 486</b>	<b>110 787</b>
Compensation of employees	67 534	-	-	67 534	65 356	2 178	96.8%	65 115	62 505
Salaries and wages	58 381	970	-	59 351	58 461	890	98.5%	58 210	56 072
Social contributions	9 153	(970)	-	8 183	6 895	1 288	84.3%	6 905	6 433
Goods and services	55 952	(1 564)	-	54 388	54 174	214	99.6%	48 371	48 282
Administrative fees	590	(60)	-	530	524	6	98.8%	564	560
Advertising	1 708	(1 339)	-	369	367	2	99.4%	1 414	1 413
Minor assets	347	(208)	-	139	137	2	98.8%	150	148
Audit costs: External	5 143	166	-	5 309	5 307	2	100.0%	3 290	3 289
Bursaries: Employees	313	(21)	-	292	292	0	99.9%	187	186





Department of Small Business Development – Vote 31  
**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2019*

	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Catering: Departmental activities	344	366	-	710	706	4	99.5%	1 072	1 069
Communication	560	463	-	1 023	1 016	7	99.4%	643	640
Computer services	8 226	(1 238)	-	6 988	6 986	2	100.0%	4 967	4 965
Consultants: Business and advisory services	1 487	(481)	-	1 006	1 003	3	99.7%	1 230	1 228
Legal services	900	(580)	-	320	318	2	99.5%	55	55
Contractors	371	(23)	-	348	344	4	98.8%	233	230
Agency and support / outsourced services	500	(259)	-	241	240	1	99.7%	170	170
Entertainment	26	(21)	-	5	4	1	85.2%	-	-
Fleet services	805	683	-	1 488	1 479	9	99.4%	1 013	1 009
Inventory: Clothing material and supplies	71	(71)	-	-	-	-	-	-	-
Consumable supplies	330	324	-	654	646	8	98.8%	483	479
Consumable: Stationery printing and office supplies	857	(62)	-	795	789	6	99.2%	732	693
Operating leases	20 238	120	-	20 358	20 356	2	100.0%	18 929	18 928
Property payments	-	4	-	4	3	1	85.9%	-	-
Travel and subsistence	10 804	915	-	11 719	11 576	143	98.8%	10 792	10 780
Training and development	1 100	(524)	-	576	576	0	99.9%	1 521	1 519
Operating payments	902	421	-	1 323	1 315	8	99.4%	665	660
Venues and facilities	330	(229)	-	101	100	1	99.1%	-	-
Rental and hiring	-	90	-	90	89	1	99.2%	261	260

Department of Small Business Development – Vote 31  
**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2019*

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Transfers and subsidies</b>	<b>135</b>	<b>116</b>	-	<b>251</b>	<b>243</b>	<b>8</b>	<b>96.8%</b>	<b>56</b>	<b>51</b>
Households	135	116	-	251	243	8	96.8%	56	51
Social benefits	135	116	-	251	243	8	96.8%	56	51
Other transfers to households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>3 500</b>	<b>1 448</b>	<b>819</b>	<b>5 767</b>	<b>5 679</b>	<b>88</b>	<b>98.5%</b>	<b>6 169</b>	<b>6 161</b>
Machinery and equipment	3 486	7	819	4 312	4 225	87	98.0%	4 671	4 663
Other machinery and equipment	3 486	7	819	4 312	4 225	87	98.0%	2 849	2 844
Intangible assets	14	1 441	-	1 455	1 454	1	99.9%	1 498	1 498
<b>TOTAL</b>	<b>127 121</b>	<b>-</b>	<b>819</b>	<b>127 940</b>	<b>125 451</b>	<b>2 489</b>	<b>98.1%</b>	<b>119 711</b>	<b>116 999</b>



Department of Small Business Development – Vote 31  
**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2019*

**1.1 Ministry**

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>28 980</b>	<b>3 342</b>	-	<b>32 322</b>	<b>32 291</b>	<b>31</b>	<b>99.9%</b>	<b>29 044</b>	<b>28 861</b>
Compensation of employees	20 925	519	-	21 444	21 436	8	100.0%	20 040	19 871
Goods and services	8 055	2 823	-	10 878	10 855	23	99.8%	9 004	8 990
<b>Transfers and subsidies</b>	<b>43</b>	<b>68</b>	-	<b>111</b>	<b>110</b>	<b>1</b>	<b>98.8%</b>	-	-
Households	43	68	-	111	110	1	98.8%	-	-
<b>Payments for capital assets</b>	<b>312</b>	<b>8</b>	-	<b>320</b>	<b>312</b>	<b>8</b>	<b>97.6%</b>	<b>2 051</b>	<b>2 047</b>
Machinery and equipment	312	8	-	320	312	8	97.6%	2 051	2 047
<b>TOTAL</b>	<b>29 335</b>	<b>3 418</b>	-	<b>32 753</b>	<b>32 713</b>	<b>40</b>	<b>99.9%</b>	<b>31 095</b>	<b>30 909</b>

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**1.2 Departmental Management**

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>20 509</b>	<b>(2 659)</b>	-	<b>17 850</b>	<b>16 185</b>	<b>1 665</b>	<b>90.7%</b>	<b>17 288</b>	<b>16 808</b>
Compensation of employees	14 973	(1 381)	-	13 592	12 065	1 527	88.8%	12 627	12 154
Goods and services	5 536	(1 278)	-	4 258	4 120	138	96.8%	4 661	4 654
<b>Transfers and subsidies</b>	<b>11</b>	<b>4</b>	-	<b>15</b>	<b>14</b>	<b>1</b>	<b>92.1%</b>	<b>32</b>	<b>28</b>
Households	11	4	-	15	14	1	92.1%	32	28
<b>Payments for capital assets</b>	<b>87</b>	<b>29</b>	-	<b>116</b>	<b>115</b>	<b>1</b>	<b>99.4%</b>	<b>61</b>	<b>59</b>
Machinery and equipment	87	29	-	116	115	1	99.4%	61	59
<b>TOTAL</b>	<b>20 607</b>	<b>(2 626)</b>	-	<b>17 981</b>	<b>16 314</b>	<b>1 667</b>	<b>90.7%</b>	<b>17 381</b>	<b>16 895</b>

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### 1.3 Corporate Services

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>49 464</b>	<b>(3 567)</b>	-	<b>45 897</b>	<b>45 385</b>	<b>512</b>	<b>98.9%</b>	<b>42 757</b>	<b>41 201</b>
Compensation of employees	17 372	(219)	-	17 153	16 676	477	97.2%	16 853	15 323
Goods and services	32 092	(3 348)	-	28 744	28 708	36	99.9%	25 904	25 878
<b>Transfers and subsidies</b>	<b>57</b>	<b>30</b>	-	<b>87</b>	<b>82</b>	<b>5</b>	<b>94.5%</b>	-	-
Households	57	30	-	87	82	5	94.5%	-	-
<b>Payments for capital assets</b>	<b>3 023</b>	<b>1 374</b>	<b>819</b>	<b>5 216</b>	<b>5 137</b>	<b>79</b>	<b>98.5%</b>	<b>3 962</b>	<b>3 960</b>
Machinery and equipment	3 009	(67)	819	3 761	3 684	77	97.9%	2 464	2 462
Intangible assets	14	1 441		1 455	1 454	1	99.9%	1 498	1 498
<b>TOTAL</b>	<b>52 544</b>	<b>(2 163)</b>	<b>819</b>	<b>51 200</b>	<b>50 604</b>	<b>596</b>	<b>98.8%</b>	<b>46 719</b>	<b>45 161</b>

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**1.4 Financial Management**

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>19 187</b>	<b>229</b>	-	<b>19 416</b>	<b>19 244</b>	<b>172</b>	<b>99.1%</b>	<b>16 503</b>	<b>16 201</b>
Compensation of employees	12 373	(533)	-	11 840	11 677	163	98.6%	11 353	11 085
Goods and services	6 814	762	-	7 576	7 567	9	99.9%	5 150	5 116
<b>Transfers and subsidies</b>	<b>24</b>	<b>14</b>	-	<b>38</b>	<b>37</b>	<b>1</b>	<b>98.1%</b>	<b>24</b>	<b>23</b>
Households	24	14	-	38	37	1	98.1%	24	23
<b>Payments for capital assets</b>	<b>48</b>	<b>30</b>	-	<b>78</b>	<b>77</b>	<b>1</b>	<b>99.2%</b>	<b>57</b>	<b>57</b>
Machinery and equipment	48	30	-	78	77	1	99.2%	57	57
<b>TOTAL</b>	<b>19 259</b>	<b>273</b>	-	<b>19 532</b>	<b>19 358</b>	<b>174</b>	<b>99.1%</b>	<b>16 584</b>	<b>16 281</b>

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**1.5 Communications**

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>5 346</b>	<b>1 091</b>	-	<b>6 437</b>	<b>6 425</b>	<b>12</b>	<b>99.8%</b>	<b>7 894</b>	<b>7 716</b>
Compensation of employees	1 891	1 614	-	3 505	3 502	3	99.9%	4 242	4 073
Goods and services	3 455	(523)	-	2 932	2 923	9	99.7%	3 652	3 644
<b>Payments for capital assets</b>	<b>30</b>	<b>7</b>	-	<b>37</b>	<b>36</b>	<b>1</b>	<b>97.7%</b>	<b>38</b>	<b>38</b>
Machinery and equipment	30	7	-	37	36	1	97.7%	38	38
<b>TOTAL</b>	<b>5 376</b>	<b>1 098</b>	-	<b>6 474</b>	<b>6 461</b>	<b>13</b>	<b>99.8%</b>	<b>7 932</b>	<b>7 754</b>

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**Programme 2: Sector Policy and Research**

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub programme</b>									
1. Research	9 310	445	(1 420)	8 335	6 722	1 613	80.6%	7 972	7 576
2. Policy and Legislation	6 543	(858)	(7)	5 678	4 806	872	84.6%	3 416	3 247
3. International Relations	3 951	301	(8)	4 244	3 255	989	76.7%	3 851	3 846
4. Monitoring and Evaluation	2 643	112	-	2 755	2 240	515	81.3%	2 085	2 079
<b>Total for sub programmes</b>	<b>22 447</b>	<b>-</b>	<b>(1 435)</b>	<b>21 012</b>	<b>17 023</b>	<b>3 989</b>	<b>81.0%</b>	<b>17 324</b>	<b>16 748</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>22 250</b>	<b>(80)</b>	<b>(1 420)</b>	<b>20 750</b>	<b>16 776</b>	<b>3 974</b>	<b>80.8%</b>	<b>17 287</b>	<b>16 713</b>
Compensation of employees	10 779	-	117	10 896	10 874	22	99.8%	10 800	10 244
Salaries and wages	10 037	(423)	117	9 731	9 723	8	99.9%	9 687	9 192
Social contributions	742	423	-	1 165	1 151	14	98.8%	1 113	1 052
Goods and services	11 471	(80)	(1 537)	9 854	5 902	3 952	59.9%	6 487	6 469
Administrative fees	94	21	-	115	73	42	63.2%	90	88
Advertising	-	28	-	28	27	1	95.3%	-	-
Catering: Departmental activities	144	(7)	-	137	73	64	53.0%	155	154
Communication	42	39	-	81	65	16	80.6%	23	21
Computer services	-	-	-	-	-	-	-	-	-
Consultants: Business and advisory services	7 685	(869)	(1 537)	5 279	3 083	2 196	58.4%	4 811	4 809





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	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Fleet services	11	4	-	15	11	4	72.7%	5	3
Consumable supplies	1	4	-	5	2	3	49.9%	3	2
Consumable: Stationery printing and office supplies	112	651	-	763	696	67	91.2%	22	22
Travel and subsistence	2 806	152	-	2 958	1 868	1 090	63.1%	1 374	1 367
Operating payments	430	(10)	-	420	5	415	1.2%	4	3
Venues and facilities	146	(93)	-	53	-	53	-	-	-
<b>Transfers and subsidies</b>	<b>107</b>	<b>33</b>	<b>-</b>	<b>140</b>	<b>127</b>	<b>13</b>	<b>90.6%</b>	<b>-</b>	<b>-</b>
Households	107	33	-	140	127	13	90.6%	-	-
Social benefits	7	33	-	40	27	13	67.3%	-	-
Other transfers to households	100	-	-	100	100	-	100.0%	-	-
<b>Payments for capital assets</b>	<b>90</b>	<b>47</b>	<b>(15)</b>	<b>122</b>	<b>120</b>	<b>2</b>	<b>98.3%</b>	<b>37</b>	<b>35</b>
Machinery and equipment	90	47	(15)	122	120	2	98.3%	37	35
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	90	47	(15)	122	120	2	98.3%	37	35
<b>TOTAL</b>	<b>22 447</b>	<b>-</b>	<b>(1 435)</b>	<b>21 012</b>	<b>17 023</b>	<b>3 989</b>	<b>81.0%</b>	<b>17 324</b>	<b>16 748</b>

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## 2.1 Research

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>9 285</b>	<b>401</b>	<b>(1 420)</b>	<b>8 266</b>	<b>6 653</b>	<b>1 613</b>	<b>80.5%</b>	<b>7 953</b>	<b>7 559</b>
Compensation of employees	4 156	473	117	4 746	4 742	4	99.9%	3 926	3 537
Goods and services	5 129	(72)	(1 537)	3 520	1 911	1 609	54.3%	4 028	4 021
<b>Transfers and subsidies</b>	<b>-</b>	<b>21</b>	<b>-</b>	<b>21</b>	<b>21</b>	<b>0</b>	<b>99.6%</b>	<b>-</b>	<b>-</b>
Households	-	21	-	21	21	0	99.6%	-	-
<b>Payments for capital assets</b>	<b>25</b>	<b>23</b>	<b>-</b>	<b>48</b>	<b>47</b>	<b>1</b>	<b>98.9%</b>	<b>18</b>	<b>18</b>
Machinery and equipment	25	23	-	48	47	1	98.9%	18	18
<b>TOTAL</b>	<b>9 310</b>	<b>445</b>	<b>(1 420)</b>	<b>8 335</b>	<b>6 722</b>	<b>1 613</b>	<b>80.6%</b>	<b>7 972</b>	<b>7 576</b>

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## 2.2 Policy and Legislation

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>6 516</b>	<b>(865)</b>	-	<b>5 651</b>	<b>4 780</b>	<b>871</b>	<b>84.6%</b>	<b>3 409</b>	<b>3 239</b>
Compensation of employees	2 899	(865)	-	2 034	2 032	2	99.9%	1 682	1 516
Goods and services	3 617	-	-	3 617	2 748	869	76.0%	1 726	1 723
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>27</b>	<b>7</b>	<b>(7)</b>	<b>27</b>	<b>26</b>	<b>1</b>	<b>97.4%</b>	<b>8</b>	<b>8</b>
Machinery and equipment	27	7	(7)	27	26	1	97.4%	8	8
<b>TOTAL</b>	<b>6 543</b>	<b>(858)</b>	<b>(7)</b>	<b>5 678</b>	<b>4 806</b>	<b>872</b>	<b>84.6%</b>	<b>3 416</b>	<b>3 247</b>

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## 2.3 International Relations

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>3 814</b>	<b>292</b>	-	<b>4 106</b>	<b>3 119</b>	<b>987</b>	<b>76.0%</b>	<b>3 846</b>	<b>3 841</b>
Compensation of employees	1 855	288	-	2 143	2 135	8	99.6%	3 356	3 355
Goods and services	1 959	4	-	1 963	983	980	50.1%	490	486
<b>Transfers and subsidies</b>	<b>107</b>	-	-	<b>107</b>	<b>106</b>	<b>1</b>	<b>99.1%</b>	-	-
Households	107	-	-	107	106	1	99.1%	-	-
<b>Payments for capital assets</b>	<b>30</b>	<b>9</b>	<b>(8)</b>	<b>31</b>	<b>30</b>	<b>1</b>	<b>97.7%</b>	<b>5</b>	<b>5</b>
Machinery and equipment	30	9	(8)	31	30	1	97.7%	5	5
<b>TOTAL</b>	<b>3 951</b>	<b>301</b>	<b>(8)</b>	<b>4 244</b>	<b>3 255</b>	<b>989</b>	<b>76.7%</b>	<b>3 851</b>	<b>3 846</b>

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## 2.4 Monitoring and Evaluation

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>2 635</b>	<b>92</b>	-	<b>2 727</b>	<b>2 224</b>	<b>503</b>	<b>81.6%</b>	<b>2 079</b>	<b>2 074</b>
Compensation of employees	1 869	104	-	1 973	1 965	8	99.6%	1 836	1 836
Goods and services	766	(12)	-	754	259	495	34.4%	243	238
<b>Transfers and subsidies</b>	-	<b>12</b>	-	<b>12</b>	-	<b>12</b>	-	-	-
Households	-	12	-	12	-	12	-	-	-
<b>Payments for capital assets</b>	<b>8</b>	<b>8</b>	-	<b>16</b>	<b>16</b>	<b>0</b>	<b>99.3%</b>	<b>6</b>	<b>5</b>
Machinery and equipment	8	8	-	16	16	0	99.3%	6	5
<b>TOTAL</b>	<b>2 643</b>	<b>112</b>	-	<b>2 755</b>	<b>2 240</b>	<b>515</b>	<b>81.3%</b>	<b>2 085</b>	<b>2 079</b>

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**Programme 3: Integrated Co-operative Development**

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub programme</b>									
1. Co-operatives Development	8 294	(739)	-	7 555	6 119	1 436	81.0%	9 766	9 754
2. Co-operatives Programme Design and Support	93 889	(1 732)	6 758	98 915	54 208	44 707	54.8%	82 774	82 711
3. Supplier Development and Market Access Support	12 834	2 471	-	15 305	14 951	354	97.7%	6 756	6 740
<b>Total for sub programmes</b>	<b>115 017</b>	<b>-</b>	<b>6 758</b>	<b>121 775</b>	<b>75 278</b>	<b>46 497</b>	<b>61.8%</b>	<b>99 296</b>	<b>99 204</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>31 494</b>	<b>(142)</b>	<b>6 743</b>	<b>38 095</b>	<b>33 700</b>	<b>4 395</b>	<b>88.5%</b>	<b>28 430</b>	<b>28 401</b>
Compensation of employees	26 280	-	6 025	32 305	28 428	3 877	88.0%	20 229	20 218
Salaries and wages	23 046	(161)	5 595	28 480	25 394	3 086	89.2%	17 960	17 951
Social contributions	3 234	161	430	3 825	3 034	791	79.3%	2 269	2 267
Goods and services	5 214	(142)	718	5 790	5 272	518	91.1%	8 201	8 183
Administrative fees	173	61	15	249	208	41	83.5%	237	235
Advertising	25	-	-	25	-	25	-	-	-
Minor assets	10	-	-	10	4	6	42.3%	-	-
Catering: Departmental activities	293	(43)	-	250	205	45	82.1%	1 844	1 843
Communication	51	41	-	92	88	4	95.5%	41	39
Computer services	10	(26)	25	9	8	1	93.9%	-	-



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	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consultants: Business and advisory services	100	(100)	-	-	-	-	-	60	60
Contractors	300	(117)	-	183	-	183	-	2 338	2 337
Fleet services	26	84	7	117	108	9	92.6%	30	29
Consumable supplies	3	6	-	9	6	3	67.8%	6	4
Consumable: Stationery printing and office supplies	49	111	-	160	148	12	92.3%	58	57
Travel and subsistence	3 313	422	669	4 404	4 229	175	96.0%	3 533	3 529
Operating payments	15	2	2	19	5	14	27.9%	17	15
Venues and facilities	846	(583)	-	263	262	1	99.6%	-	-
<b>Transfers and subsidies</b>	<b>83 318</b>	<b>8</b>	<b>-</b>	<b>83 326</b>	<b>41 229</b>	<b>42 097</b>	<b>49.5%</b>	<b>70 759</b>	<b>70 698</b>
Public corporations and private enterprises	83 318	-	-	83 318	41 222	42 096	49.5%	70 750	70 695
Private enterprises	83 318	-	-	83 318	41 222	42 096	49.5%	70 750	70 695
Other transfers to private enterprises	83 318	-	-	83 318	41 222	42 096	49.5%	70 750	70 695
Households	-	8	-	8	6	2	80.0%	9	3
Social benefits	-	8	-	8	6	2	80.0%	9	3
<b>Payments for capital assets</b>	<b>205</b>	<b>134</b>	<b>15</b>	<b>354</b>	<b>349</b>	<b>5</b>	<b>98.6%</b>	<b>107</b>	<b>105</b>
Machinery and equipment	205	134	15	354	349	5	98.6%	107	105
Other machinery and equipment	205	134	15	354	349	5	98.6%	107	105
<b>TOTAL</b>	<b>115 017</b>	<b>-</b>	<b>6 758</b>	<b>121 775</b>	<b>75 278</b>	<b>46 497</b>	<b>61.8%</b>	<b>99 296</b>	<b>99 204</b>

Department of Small Business Development – Vote 31  
**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2019*

### 3.1 Co-operatives Development

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>8 261</b>	<b>(766)</b>	-	<b>7 495</b>	<b>6 062</b>	<b>1 433</b>	<b>80.9%</b>	<b>9 718</b>	<b>9 712</b>
Compensation of employees	6 516	(691)	-	5 825	4 577	1 248	78.6%	5 369	5 368
Goods and services	1 745	(75)	-	1 670	1 485	185	88.9%	4 349	4 344
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	-	<b>(5)</b>
<b>Payments for capital assets</b>	<b>33</b>	<b>27</b>	-	<b>60</b>	<b>57</b>	<b>3</b>	<b>95.1%</b>	<b>48</b>	<b>47</b>
Machinery and equipment	33	27	-	60	57	3	95.1%	48	47
<b>TOTAL</b>	<b>8 294</b>	<b>(739)</b>	-	<b>7 555</b>	<b>6 119</b>	<b>1 436</b>	<b>81.0%</b>	<b>9 766</b>	<b>9 754</b>



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*for the year ended 31 March 2019*

### 3.2 Co-operatives Programme Design and Support

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>10 483</b>	<b>(1 812)</b>	<b>6 743</b>	<b>15 414</b>	<b>12 805</b>	<b>2 609</b>	<b>83.1%</b>	<b>11 997</b>	<b>11 989</b>
Compensation of employees	9 457	(1 881)	6 025	13 601	11 094	2 507	81.6%	10 856	10 853
Goods and services	1 026	69	718	1 813	1 711	102	94.4%	1 141	1 136
<b>Transfers and subsidies</b>	<b>83 318</b>	<b>6</b>	<b>-</b>	<b>83 324</b>	<b>41 228</b>	<b>42 096</b>	<b>49.5%</b>	<b>70 750</b>	<b>70 695</b>
Public corporations and private enterprises	83 318	-	-	83 318	41 222	42 096	49.5%	70 750	70 695
Households	-	6	-	6	5	1	88.2%	-	-
<b>Payments for capital assets</b>	<b>88</b>	<b>74</b>	<b>15</b>	<b>177</b>	<b>176</b>	<b>1</b>	<b>99.3%</b>	<b>27</b>	<b>27</b>
Machinery and equipment	88	74	15	177	176	1	99.3%	27	27
<b>TOTAL</b>	<b>93 889</b>	<b>(1 732)</b>	<b>6 758</b>	<b>98 915</b>	<b>54 208</b>	<b>44 707</b>	<b>54.8%</b>	<b>82 774</b>	<b>82 711</b>

Department of Small Business Development – Vote 31  
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### 3.3 Supplier Development and Market Access Support

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>12 750</b>	<b>2 436</b>	-	<b>15 186</b>	<b>14 834</b>	<b>352</b>	<b>97.7%</b>	<b>6 715</b>	<b>6 700</b>
Compensation of employees	10 307	2 572	-	12 879	12 757	122	99.1%	4 004	3 997
Goods and services	2 443	(136)	-	2 307	2 077	230	90.0%	2 711	2 703
<b>Transfers and subsidies</b>	-	<b>2</b>	-	<b>2</b>	<b>1</b>	<b>1</b>	<b>55.3%</b>	<b>9</b>	<b>8</b>
Households	-	2	-	2	1	1	55.3%	9	8
<b>Payments for capital assets</b>	<b>84</b>	<b>33</b>	-	<b>117</b>	<b>116</b>	<b>1</b>	<b>99.5%</b>	<b>32</b>	<b>31</b>
Machinery and equipment	84	33	-	117	116	1	99.5%	32	31
<b>TOTAL</b>	<b>12 834</b>	<b>2 471</b>	-	<b>15 305</b>	<b>14 951</b>	<b>354</b>	<b>97.7%</b>	<b>6 756</b>	<b>6 740</b>

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**Programme 4: Enterprise Development and Entrepreneurship**

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub programme</b>									
1. Enterprise and Supplier Development	861 328	66	-	861 394	861 083	311	100.0%	845 151	845 037
2. SMMEs Programme Design and Support	297 863	4 332	(6 142)	296 053	281 372	14 681	95.0%	270 714	270 700
3. SMME Competitiveness	57 238	-	-	57 238	56 742	496	99.1%	47 935	40 196
4. Entrepreneurship	7 439	(4 398)	-	3 041	2 570	471	84.5%	75 539	70 600
<b>Total for sub programmes</b>	<b>1 223 868</b>	<b>-</b>	<b>(6 142)</b>	<b>1 217 726</b>	<b>1 201 766</b>	<b>15 960</b>	<b>98.7%</b>	<b>1 239 339</b>	<b>1 226 533</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>45 154</b>	<b>(287)</b>	<b>(6 142)</b>	<b>38 725</b>	<b>36 582</b>	<b>2 143</b>	<b>94.5%</b>	<b>51 677</b>	<b>51 206</b>
Compensation of employees	36 039	-	(6 142)	29 897	28 379	1 518	94.9%	36 308	36 040
Salaries and wages	31 828	307	(5 900)	26 235	24 810	1 425	94.6%	32 343	32 111
Social contributions	4 211	(307)	(242)	3 662	3 569	93	97.5%	3 965	3 929
Goods and services	9 115	(287)	-	8 828	8 203	625	92.9%	15 369	15 166
Administrative fees	238	(25)	-	213	173	40	81.4%	371	369
Advertising	-	-	-	-	-	-	-	69	-
Minor assets	-	10	-	10	4	6	42.3%	12	11
Catering: Departmental activities	435	1 091	-	1 526	1 468	58	96.2%	649	647
Communication	49	67	-	116	99	17	85.3%	76	75

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	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Computer services	-	47	-	47	46	1	97.3%	-	-
Consultants: Business and advisory services	2 415	(1 016)	-	1 399	1 385	14	99.0%	7 429	7 428
Contractors	-	708	-	708	707	1	99.9%	414	413
Fleet services	114	(18)	-	96	83	13	86.2%	33	32
Consumable supplies	22	9	-	31	18	13	57.1%	3	2
Consumable: Stationery printing and office supplies	148	(40)	-	108	43	65	39.5%	196	194
Operating leases	-	2	-	2	2	0	84.9%	-	-
Travel and subsistence	3 277	205	-	3 482	3 094	388	88.9%	5 113	4 995
Training and development	-	-	-	-	-	-	-	586	586
Operating payments	11	(10)	-	1	0	1	10.9%	29	28
Venues and facilities	2 406	(1 405)	-	1 001	995	6	99.4%	389	387
Rental and hiring	-	88	-	88	87	1	99.4%	-	-
<b>Transfers and subsidies</b>	<b>1 178 507</b>	<b>156</b>	<b>-</b>	<b>1 178 663</b>	<b>1 164 848</b>	<b>13 815</b>	<b>98.8%</b>	<b>1 187 504</b>	<b>1 175 170</b>
Departmental agencies and accounts	840 089	-	-	840 089	840 089	-	100.0%	811 301	811 301
Departmental agencies	840 089	-	-	840 089	840 089	-	100.0%	811 301	811 301
Public corporations and private enterprises	338 191	-	-	338 191	324 481	13 710	95.9%	376 095	363 765
Public corporations	10 000	-	-	10 000	10 000	-	100.0%	10 000	10 000
Other transfers to public corporations	10 000	-	-	10 000	10 000	-	100.0%	10 000	10 000

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	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Private enterprises	328 191	-	-	328 191	314 481	13 710	95.8%	366 095	353 765
Other transfers to private enterprises	328 191	-	-	328 191	314 481	13 710	95.8%	366 095	353 765
Households	227	156	-	383	278	105	72.6%	108	104
Social benefits	127	56	-	183	178	5	97.4%	108	104
Other transfers to households	100	100	-	200	100	100	50.0%	-	-
<b>Payments for capital assets</b>	<b>207</b>	<b>131</b>	<b>-</b>	<b>338</b>	<b>336</b>	<b>2</b>	<b>99.3%</b>	<b>158</b>	<b>157</b>
Machinery and equipment	207	131	-	338	336	2	99.3%	158	157
Other machinery and equipment	207	131	-	338	336	2	99.3%	158	157
<b>TOTAL</b>	<b>1 223 868</b>	<b>-</b>	<b>(6 142)</b>	<b>1 217 726</b>	<b>1 201 766</b>	<b>15 960</b>	<b>98.7%</b>	<b>1 239 339</b>	<b>1 226 533</b>

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**4.1 Enterprise and Supplier Development**

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>11 047</b>	<b>(44)</b>	-	<b>11 003</b>	<b>10 798</b>	<b>205</b>	<b>98.1%</b>	<b>23 747</b>	<b>23 634</b>
Compensation of employees	8 459	(1 299)	-	7 160	7 031	129	98.2%	13 647	13 645
Goods and services	2 588	1 255	-	3 843	3 766	77	98.0%	10 100	9 988
<b>Transfers and subsidies</b>	<b>850 234</b>	<b>100</b>	-	<b>850 334</b>	<b>850 230</b>	<b>104</b>	<b>100.0%</b>	<b>821 385</b>	<b>821 385</b>
Departmental agencies and accounts	840 089	-	-	840 089	840 089	-	100.0%	811 301	811 301
Public corporations and private enterprises	10 000	-	-	10 000	10 000	-	100.0%	10 000	10 000
Households	145	100	-	245	141	104	57.6%	84	84
<b>Payments for capital assets</b>	<b>47</b>	<b>10</b>	-	<b>57</b>	<b>55</b>	<b>2</b>	<b>96.3%</b>	<b>19</b>	<b>19</b>
Machinery and equipment	47	10	-	57	55	2	96.3%	19	19
<b>TOTAL</b>	<b>861 328</b>	<b>66</b>	-	<b>861 394</b>	<b>861 083</b>	<b>311</b>	<b>100.0%</b>	<b>845 151</b>	<b>845 037</b>

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**4.2 SMMEs Programme Design and Support**

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>26 677</b>	<b>4 159</b>	<b>(6 142)</b>	<b>24 694</b>	<b>23 227</b>	<b>1 467</b>	<b>94.1%</b>	<b>13 894</b>	<b>13 888</b>
Compensation of employees	23 803	3 612	(6 142)	21 273	19 886	1 387	93.5%	12 466	12 464
Goods and services	2 874	547	-	3 421	3 341	80	97.7%	1 428	1 424
<b>Transfers and subsidies</b>	<b>271 035</b>	<b>56</b>	<b>-</b>	<b>271 091</b>	<b>257 876</b>	<b>13 215</b>	<b>95.1%</b>	<b>256 750</b>	<b>256 743</b>
Public corporations and private enterprises	270 953	-	-	270 953	257 739	13 214	95.1%	256 750	256 743
Households	82	56	-	138	137	1	99.4%	-	-
<b>Payments for capital assets</b>	<b>151</b>	<b>117</b>	<b>-</b>	<b>268</b>	<b>268</b>	<b>0</b>	<b>99.9%</b>	<b>70</b>	<b>69</b>
Machinery and equipment	151	117	-	268	268	0	99.9%	70	69
<b>TOTAL</b>	<b>297 863</b>	<b>4 332</b>	<b>(6 142)</b>	<b>296 053</b>	<b>281 372</b>	<b>14 681</b>	<b>95.0%</b>	<b>270 714</b>	<b>270 700</b>

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### 4.3 SMME Competitiveness

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	-	-	-	-	-	-	-	<b>14 036</b>	<b>13 685</b>
Compensation of employees	-	-	-	-	-	-	-	10 195	9 931
Goods and services	-	-	-	-	-	-	-	3 841	3 754
<b>Transfers and subsidies</b>	<b>57 238</b>	-	-	<b>57 238</b>	<b>56 742</b>	<b>496</b>	<b>99.1%</b>	<b>33 830</b>	<b>26 443</b>
Public corporations and private enterprises	57 238	-	-	57 238	56 742	496	99.1%	33 806	26 422
Households	-	-	-	-	-	-	-	24	21
<b>Payments for capital assets</b>	-	-	-	-	-	-	-	<b>69</b>	<b>68</b>
Machinery and equipment	-	-	-	-	-	-	-	69	68
<b>TOTAL</b>	<b>57 238</b>	-	-	<b>57 238</b>	<b>56 742</b>	<b>496</b>	<b>99.1%</b>	<b>47 935</b>	<b>40 196</b>



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#### 4.4 Entrepreneurship

	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>7 430</b>	<b>(4 402)</b>	-	<b>3 028</b>	<b>2 557</b>	<b>471</b>	<b>84.4%</b>	-	-
Compensation of employees	3 777	(2 313)	-	1 464	1 461	3	99.8%	-	-
Goods and services	3 653	(2 089)	-	1 564	1 096	468	70.1%	-	-
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	<b>75 539</b>	<b>70 600</b>
Public corporations and private enterprises	-	-	-	-	-	-	-	75 539	70 600
<b>Payments for capital assets</b>	<b>9</b>	<b>4</b>	-	<b>13</b>	<b>13</b>	<b>0</b>	<b>99.5%</b>	-	-
Machinery and equipment	9	4	-	13	13	0	99.5%	-	-
<b>TOTAL</b>	<b>7 439</b>	<b>(4 398)</b>	-	<b>3 041</b>	<b>2 570</b>	<b>471</b>	<b>84.5%</b>	<b>75 539</b>	<b>70 600</b>

# NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2019

## 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 disclosure notes and Annexure 1 (A-H) to the Annual Financial Statements.

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

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

## 3. Detail on payments for financial assets

Detail of these transactions per programme 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	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
1. Administration	127 940	125 451	2 489	1.9%
2. Sector Policy and Research	21 012	17 023	3 989	19%
3. Integrated Co-operatives Development	121 775	75 278	46 497	38.2%
4. Enterprise Development and Entrepreneurship	1 217 726	1 201 766	15 960	1.3%
<b>TOTAL</b>	<b>1 488 453</b>	<b>1 419 518</b>	<b>68 935</b>	<b>4.6%</b>

Integrated Co-operatives Development: Expenditure for the year amounted to R75.3 million (61.8%) against the overall budget of R121.8 million, resulting in under expenditure of R46.5 million (38.2%) largely due poor performance on Incentives (R42.1 million). Transfers and subsidies underspent by R42.1 million on Co-operative Incentives Scheme (CIS) due to IT challenges improvement on internal controls as well as issues on three fully compliant quotations.

# NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2019

<b>4.2 Per economic classification</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Variance as a % of Final Appropriation</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>
<b>Current payments</b>	<b>219 492</b>	<b>206 588</b>	<b>12 904</b>	<b>5.9%</b>
Compensation of employees	140 632	133 036	7 596	5.4%
Goods and services	78 860	73 551	5 309	6.7%
Interest and rent on land				
<b>Transfers and subsidies</b>	<b>1 262 380</b>	<b>1 206 447</b>	<b>55 933</b>	<b>4.4%</b>
Provinces and municipalities				
Departmental agencies and accounts	840 089	840 089	-	0.0%
Higher education institutions				
Public corporations and private enterprises	421 509	365 703	55 806	13.2%
Foreign governments and international organisations				
Non-profit institutions				
Households	782	655	127	16.3%
<b>Payments for capital assets</b>	<b>5 126</b>	<b>5 030</b>	<b>96</b>	<b>1.9%</b>
Buildings and other fixed structures				
Machinery and equipment	5 126	5 030	96	1.9%
Heritage assets				
Specialised military assets				
Biological assets				
Land and subsoil assets				
Intangible assets	1 455	1 454	1	0.1%
<b>TOTAL</b>	<b>1 488 453</b>	<b>1 419 518</b>	<b>68 935</b>	<b>4.6%</b>

# NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2019

The Department spent 95.4% (R1.420 billion) of the adjusted budget of R1.488 billion resulting in under expenditure of R69 million (4.6%).

**Compensation of Employees** – Expenditure was R133 million (95.4%) against the overall budget of R140.6 million which constitutes an underspending of R7.6 million (5.4%).

**Goods and services** – Expenditure was R73.6 million (93.3%) against the overall budget of R78.9 million which constitutes an under-spending of R5.3 million (6.7%).

**Capital asset** – Expenditure was R6.5 million (98.5%) against the overall budget of R6.6 million which constitutes an underspending of R98 thousand (1.5%).

**Transfers and Subsidies** – Expenditure was R1.206 billion (95.6%) against the overall budget of R1.262 billion, which constitutes an underspending of R55.9 million (4.4%).

Significant costs drivers were transfers to Seda (R840.089 million) and internally implemented grants (R355.703 million), operating leases for office space and pool cars (R20.4 million), travel and accommodation for official trips undertaken (R20.8 million), regulatory and forensic audits by the Auditor General (R5.3 million), computer services for SITA

Desktop support services and Microsoft licencing (R7 million) and consultancy services (R5.5 million).

Significant underspending at a monetary level occurred on Transfers and Subsidies (R55.9 million). The underperforming grants were the **CIS** that underspent by R42.1 million (50.5%), the **BBSDP** that underspent by R13.2 million (4.9%) and **NIBUS** underspent by R496 thousand (0.9%).

The underlying reasons being the non-compliance to the incentives guidelines and challenges with the IT system. Goods and services contributed to underspending mainly as a result of delays in finalising the research projects (R2.2 million), outstanding travel and subsistence vouchers. Whilst the 7.7% vacancy rate contributed to the underspending in Compensation of Employees.

## STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2019

	Note	2018/19	2017/18
		R'000	R'000
<b>REVENUE</b>			
Annual appropriation	1	1 488 453	1 475 670
Departmental revenue	2	1 329	551
<b>TOTAL REVENUE</b>		<b>1 489 782</b>	<b>1 476 221</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	4	133 036	129 007
Goods and services	5	73 551	78 100
Aid assistance	3	-	68
<b>Total current expenditure</b>		<b>206 587</b>	<b>207 175</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	6	1 206 447	1 245 919
<b>Total transfers and subsidies</b>		<b>1 206 447</b>	<b>1 245 919</b>
<b>Expenditure for capital assets</b>			
Tangible assets	7	5 030	4 960
Intangible assets	7	1 454	1 498
<b>Total expenditure for capital assets</b>		<b>6 484</b>	<b>6 458</b>
<b>TOTAL EXPENDITURE</b>		<b>1 419 518</b>	<b>1 459 552</b>
<b>SURPLUS FOR THE YEAR</b>		<b>70 264</b>	<b>16 669</b>
<b>Reconciliation of Net Surplus for the year</b>			
Voted funds		68 935	16 186
Annual appropriation		68 935	16 186
Departmental revenue and NRF Receipts	12	1 329	551
Aid assistance	3	-	(68)
<b>SURPLUS FOR THE YEAR</b>		<b>70 264</b>	<b>16 669</b>

# STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2019

	Note	2018/19	2017/18
		R'000	R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>68 759</b>	<b>16 566</b>
Cash and cash equivalents	8	68 200	16 047
Prepayments and advances	9	487	438
Receivables	10	72	81
<b>Non-current assets</b>		<b>1 937</b>	<b>1 634</b>
Receivables	10	1 937	1 634
<b>TOTAL ASSETS</b>		<b>70 696</b>	<b>18 200</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>68 946</b>	<b>16 728</b>
Voted funds to be surrendered to the Revenue Fund	11	68 935	16 186
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	12	3	54
Payables	13	8	365
Aid assistance unutilised	3	-	123
<b>TOTAL LIABILITIES</b>		<b>68 946</b>	<b>16 728</b>
<b>NET ASSETS</b>		<b>1 750</b>	<b>1 472</b>
<b>Represented by:</b>			
Recoverable revenue		1 750	1 472
<b>TOTAL</b>		<b>1 750</b>	<b>1 472</b>

## STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2019

	2018/19	2017/18
	R'000	R'000
<b>Recoverable revenue</b>		
Opening balance	1 472	1 364
Transfers:	<b>278</b>	<b>108</b>
Debts raised	278	108
Closing balance	1 750	1 472
<b>TOTAL</b>	<b>1 750</b>	<b>1 472</b>

**CASH FLOW STATEMENT***for the year ended 31 March 2019*

	Note	2018/19	2017/18
		R'000	R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>		<b>1 489 607</b>	<b>1 476 221</b>
Annual appropriated funds received	1.1	1 488 453	1 475 670
Departmental revenue received	2	1 153	549
Interest received	2.2	1	2
Net (increase)/decrease in working capital		(700)	(168)
Surrendered to Revenue Fund		(17 566)	(29 945)
Surrendered to RDP Fund/Donor		(123)	(1)
Current payments		(206 587)	(207 175)
Transfers and subsidies paid		(1 206 447)	(1 245 919)
<b>Net cash flow available from operating activities</b>	<b>14</b>	<b>58 184</b>	<b>(6 987)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	7	(6 484)	(6 458)
Proceeds from sale of capital assets	2.3	175	-
<b>Net cash flows from investing activities</b>		<b>(6 309)</b>	<b>(6 458)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		278	108
<b>Net cash flows from financing activities</b>		<b>278</b>	<b>108</b>
Net increase/(decrease) in cash and cash equivalents		52 153	(13 337)
Cash and cash equivalents at beginning of period		16 047	29 384
<b>Cash and cash equivalents at end of period</b>	<b>15</b>	<b>68 200</b>	<b>16 047</b>



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 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 prepared 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. Comparative information

### 5.1 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.

### 5.2 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.

## 6. Revenue

### 6.1 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.

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.

### 6.2 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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

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

## 6.3 *Accrued departmental revenue*

- Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:
- it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and
- the amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable.

Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.

Write-offs are made according to the department's debt write-off policy

## 7. Expenditure

### 7.1 *Compensation of employees*

#### 7.1.1 *Salaries and wages*

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

#### 7.1.2 *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.

### 7.2 *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.

### 7.3 *Accruals and payables not recognised*

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

### 7.4 *Leases*

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

#### 7.4.2 *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.

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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 8. Aid Assistance

### 8.1 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.

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.

### 8.2 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.

## 9. 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.

## 10. 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. Prepayments are expensed in the month related to the expenditure unless otherwise indicated in the signed agreement.

## 11. Loans and receivables

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest where interest is charged less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.

## 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 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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

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.

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

## 14.2 Intangible 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.

## 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 Commitments

Commitments (other than for transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 16. Unauthorised expenditure

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:

- approved by Parliament with funding and the related funds are received; or
- approved by Parliament without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

## 17. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

## 18. Irregular expenditure

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

## 19. Changes in accounting policies accounting estimates and errors

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

## 20. 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.

## 21. Principal-Agent arrangements

The department is party to a principal-agent arrangement for [include details here]. In terms of the arrangement the department is the [principal / agent] and is responsible

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

for [include details here]. All related revenues, expenditure, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.

## 22. 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.

## 23. Related party transactions

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.

## 24. 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.

## 25. Public-Private Partnerships

Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.

A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received the unitary fees paid rights and obligations of the department are recorded in the notes to the financial statements.

## 26. Employee benefits

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

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 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:

	2018/19			2017/18	
	Final Appropriation	Actual Funds Received	Funds not requested/not received	Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
Administration	127 940	127 940	-	119 711	119 711
Sector Policy and Research	21 012	21 012	-	17 324	17 324
Integrated Co-operative Development	121 775	121 775	-	99 296	99 296
Enterprise Development and Entrepreneurship	1 217 726	1 217 726	-	1 239 339	1 239 339
<b>TOTAL</b>	<b>1 488 453</b>	<b>1 488 453</b>	<b>-</b>	<b>1 475 670</b>	<b>1 475 670</b>

## 2. Departmental revenue

	Note	2018/19	2017/18
		R'000	R'000
Sales of goods and services other than capital assets	2.1	57	52
Interest dividends and rent on land	2.2	1	2
Sales of capital assets	2.3	175	-
Transactions in financial assets and liabilities	2.4	1 096	497
<b>Total revenue collected</b>		<b>1 329</b>	<b>551</b>
<b>DEPARTMENTAL REVENUE COLLECTED</b>		<b>1 329</b>	<b>551</b>

Transactions in financial assets and liabilities consist of: accrued Departmental revenue from the Industrial Development Corporation (R1.052 million), money recovered from an ex-employee who lost a laptop cable, as well as a refund from GEMS. Sale of capital assets consist of proceedings from sales of Departmental old vehicle.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 2.1 Sales of goods and services other than capital assets

	Note	2018/19	2017/18
	2	R'000	R'000
Sales of goods and services produced by the department		57	52
Sales by market establishment		26	26
Other sales		31	26
<b>TOTAL</b>		<b>57</b>	<b>52</b>

Money received from rental of parking by DSBD employees and commission received on the deduction of insurance/premiums from employees' salaries.

## 2.2 Interest dividends and rent on land

	Note	2018/19	2017/18
	2	R'000	R'000
Interest		1	2
<b>TOTAL</b>		<b>1</b>	<b>2</b>

## 2.3 Sale of capital assets

	Note	2018/19	2017/18
	2	R'000	R'000
<b>Tangible assets</b>	39	175	-
Machinery and equipment		175	-
<b>TOTAL</b>		<b>175</b>	<b>-</b>

Proceedings from cash disposal of an old vehicle.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 2.4 Transactions in financial assets and liabilities

	Note	2018/19	2017/18
		R'000	R'000
Other Receipts including Recoverable Revenue	2	1 096	497
<b>TOTAL</b>		<b>1 096</b>	<b>497</b>

Transactions in financial assets and liabilities consist of: accrued Departmental revenue from IDC (R1.052 million), money recovered from an ex-employee who lost a laptop cable, as well as a refund from GEMS.

## 3. Aid assistance

	Note	2018/19	2017/18
		R'000	R'000
Opening Balance		123	192
Prior period error		-	-
As restated		123	192
Transferred from statement of financial performance		-	(68)
Paid during the year		(123)	(1)
<b>CLOSING BALANCE</b>		<b>-</b>	<b>123</b>

The Department had an opening balance of R123 thousands from the Reconstruction Development Programme (RDP) supported by the African Development Bank to support the Enterprise Development Pilot Project for Local Economic Development (LED). These funds were not utilised and had to be surrendered to National Treasury when the contract expired in June 2018.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 3.1 Analysis of balance by source

	Note	2018/19	2017/18
		R'000	R'000
Aid assistance from other sources		-	123
<b>CLOSING BALANCE</b>		-	123

## 3.2 Aid assistance expenditure per economic classification

	Note	2018/19	2017/18
		R'000	R'000
Current		-	68
<b>TOTAL AID ASSISTANCE EXPENDITURE</b>		-	68

## 4. Compensation of employees

### 4.1 Salaries and Wages

	Note	2018/19	2017/18
		R'000	R'000
Basic salary	4	91 770	88 172
Performance award		629	429
Service Based		35	27
Compensative/circumstantial		1 837	2 689
Periodic payments		1 037	1 270
Other non-pensionable allowances		23 079	22 739
<b>TOTAL</b>		<b>118 387</b>	<b>115 326</b>

Performance award increased due to an increase in number of officials (20) who qualified in comparison to the 2017/18 financial year (7).

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 4.2 Social contributions

	Note	2018/19	2017/18
	4	R'000	R'000
<b>Employer contributions</b>			
Pension		11 610	10 947
Medical		3 021	2 717
Bargaining council		18	17
<b>TOTAL</b>		<b>14 649</b>	<b>13 681</b>
<b>TOTAL COMPENSATION OF EMPLOYEES</b>			
		<b>133 036</b>	<b>129 007</b>
Average number of employees		198	206

The average number of employees for 2017/18 financial year included 31 posts additional to establishment whereas the 2018/19 financial year, the Department only had 4.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 5. Goods and services

	Note	2018/19	2017/18
		R'000	R'000
Administrative fees		978	1 252
Advertising		393	1 413
Minor assets	5.1	146	160
Bursaries (employees)		292	186
Catering		2 452	3 712
Communication		1 269	775
Computer services	5.2	7 039	4 965
Consultants: Business and advisory services		5 470	13 524
Legal services		318	55
Contractors		1 051	2 980
Agency and support / outsourced services		240	170
Entertainment		4	-
Audit cost – external	5.3	5 307	3 289
Fleet services		1 681	1 073
Consumables	5.4	2 348	1 453
Operating leases		20 358	18 928
Property payments	5.5	3	-
Rental and hiring		177	260
Transport provided as part of the departmental activities		-	-
Travel and subsistence	5.6	20 767	20 672
Venues and facilities		1 357	387
Training and development		576	2 141
Other operating expenditure	5.7	1 325	705
<b>TOTAL</b>		<b>73 551</b>	<b>78 100</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## Key cost drivers

- **Travel and Subsistence:** This is the highest spending item under goods and services and is due to the nature of the business that the department provides which often requires officials to travel constantly for inspections of projects related to incentive schemes.
- **Operating lease:** The operating lease expenditure is largely made of payments made towards the dti for office space rental. The department assumed occupation of 3966 m<sup>2</sup> (2 full floors) on Block G as well as 529 m<sup>2</sup> in block A (Ministry).
- **Computer services:** Payments to SITA for the desktop support services provided to DSBD
- **Consultants:** for the Provincial Study on Red Tape Reduction Strategy and process mapping and the 2016 Annual Review.
- **Audit costs:** The expenditure is for the audit work for regulatory and forensic Audit carried out by AG during the period under review
- **Catering:** The expenditure is largely due refreshments provided during IMEDP events when the Department was handing over equipment to informal traders.
- **Fleet services:** Largely on fuel due to the nature of the business that the department provides which often requires officials to travel
- **Consumable stationery:** The department consume a considerable volume of stationery such as yellow files for incentive claims and travel invoices
- **Venues and facilities:** Venues hired for departmental events in cases where free venues could not be sourced.
- **Operating payments:** Printing of the annual report, Annual Performance Plan, Marketing booklets, as well as daily printing charges
- **Communications:** Land line and cell phone charges. The expenditure was inflated by invoices relating to the 2017/18 financial year which were submitted and processed during the 2018/19 financial year.
- **Contractors:** Expenditure is largely on hiring of audio-visual equipment during the IMEDP events

## 5.1 Minor assets

	Note	2018/19	2017/18
	5	R'000	R'000
<b>Tangible assets</b>		146	160
Machinery and equipment		146	160
<b>TOTAL</b>		<b>146</b>	<b>160</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 5.2 Computer services

	Note	2018/19	2017/18
	5	R'000	R'000
SITA computer services		5 463	3 866
External computer service providers		1 576	1 099
<b>TOTAL</b>		<b>7 039</b>	<b>4 965</b>

An increase in computer services cost is largely due to accrued SITA invoices relating to Mainframe time, Desktop support and Server Management services.

## 5.3 Audit cost – External

	Note	2018/19	2017/18
	5	R'000	R'000
Regularity audits		4 159	3 289
Investigations		1 148	-
<b>TOTAL</b>		<b>5 307</b>	<b>3 289</b>

Auditor General of SA fees for regulatory and forensic audit services.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 5.4 Consumables

	Note	2018/19	2017/18
	5	R'000	R'000
<b>Consumable supplies</b>		<b>673</b>	<b>486</b>
Uniform and clothing		28	39
Household supplies		60	118
Building material and supplies		15	6
Communication accessories		467	196
IT consumables		57	102
Other consumables		46	25
<b>Stationery printing and office supplies</b>		<b>1 675</b>	<b>967</b>
<b>TOTAL</b>		<b>2 348</b>	<b>1 453</b>

Other consumables consists of gifts bought for employees hospitalised, and uniform for employees (Accommodation and Auxiliary services). High cost of stationery as a result of increase in prices, as well as high demand for regularly used items such as optiplan files and filling boxes.

## 5.5 Property payments

	Note	2018/19	2017/18
	5	R'000	R'000
Other		3	-
<b>TOTAL</b>		<b>3</b>	<b>-</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 5.6 Travel and subsistence

	Note	2018/19	2017/18
	5	R'000	R'000
Local		16 914	16 054
Foreign		3 853	4 618
<b>TOTAL</b>		<b>20 767</b>	<b>20 672</b>

High spending due to the nature of service that the department provides which often requires officials to travel constantly for inspections of projects related to incentive schemes.

## 5.7 Other operating expenditure

	Note	2018/19	2017/18
	5	R'000	R'000
Professional bodies membership and subscription fees		13	2
Resettlement costs		116	4
Other		1 196	699
<b>TOTAL</b>		<b>1 325</b>	<b>705</b>

Other: courier services, storage and roadworthy test as well as printing & publication (printing of the annual report, Annual Performance Plan, Marketing booklets, as well as daily printing charges).



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 6. Transfers and subsidies

	Note	2018/19	2017/18
		R'000	R'000
Departmental agencies and accounts	Annex 1A	840 089	811 301
Public corporations and private enterprises	Annex 1B	365 703	434 460
Households	Annex 1C	655	158
<b>TOTAL</b>		<b>1 206 447</b>	<b>1 245 919</b>

Transfers to Small Enterprise Development Agency (Seda), the Industrial Development Corporation and DSBD administered interventions i.e. Black Business Supplier Development Programme, Co-operatives Incentive Scheme (CIS), Shared Economic Infrastructure Facility (SEIF) leave discounting for ex-employees, as well as gifts & donations as enabled by TR section 21. DSBD donated R200 thousand to South African Informal Traders Alliance - (Conferencing facilities) and the Global Business Round Table.

## 7. Expenditure for capital assets

	Note	2018/19	2017/18
		R'000	R'000
<b>Tangible assets</b>		<b>5 030</b>	<b>4 960</b>
Machinery and equipment	27	5 030	4 960
<b>Intangible assets</b>		<b>1 454</b>	<b>1 498</b>
Software	27	1 454	1 498
<b>TOTAL</b>		<b>6 484</b>	<b>6 458</b>

Tangible assets consist of Audio visual equipment, Laptop, Office furniture and Finance leased tools of trade. Intangible assets consist of CIS tool.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 7.1 Analysis of funds utilised to acquire capital assets – 2018/19

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
<b>Tangible assets</b>	<b>5 030</b>	-	<b>5 030</b>
Machinery and equipment	5 030	-	5 030
<b>Intangible assets</b>	<b>1 454</b>	-	<b>1 454</b>
Software	1 454	-	1 454
<b>TOTAL</b>	<b>6 484</b>	-	<b>6 484</b>

## 7.2 Analysis of funds utilised to acquire capital assets – 2017/18

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
<b>Tangible assets</b>	<b>4 960</b>	-	<b>4 960</b>
Machinery and equipment	4 960	-	4 960
<b>Intangible assets</b>	<b>1 498</b>	-	<b>1 498</b>
Software	1 498	-	1 498
<b>TOTAL</b>	<b>6 458</b>	-	<b>6 458</b>

## 7.3 Finance lease expenditure included in Expenditure for capital assets

	Note	2018/19	2017/18
		R'000	R'000
<b>Tangible assets</b>			
Machinery and equipment		2 372	1 266
<b>TOTAL</b>		<b>2 372</b>	<b>1 266</b>

Tools of trade leases: Mobile communications contract and photocopying services contract.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 8. Cash and cash equivalents

	Note	2018/19	2017/18
		R'000	R'000
Consolidated Paymaster General Account		68 134	15 981
Cash on hand		66	66
<b>TOTAL</b>		<b>68 200</b>	<b>16 047</b>

The increase is due to lower than anticipated disbursements on the DSBD administered interventions i.e. BBDP and CIS, due to non-compliance with existing guidelines.

## 9. Prepayments and advances

	Note	2018/19	2017/18
		R'000	R'000
Staff advances		-	11
Travel and subsistence		88	-
Prepayments (Not expensed)	9.2	5	-
Advances paid (Not expensed)	9.1	394	427
<b>TOTAL</b>		<b>487</b>	<b>438</b>

R88 thousand advanced to officials travelling abroad, R394 thousand to DIRCO for foreign trips and R5 thousand to Multi Choice.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 9.1 Advances paid (Not expensed)

	Balance as at 1 April 2018	Less: Amount expensed in current year	Add or Less: Other	Add: Current Year advances	Balance as at 31 March 2019
	R'000	R'000	R'000	R'000	R'000
National departments	427	1 433	1 400	-	394
<b>TOTAL</b>	<b>427</b>	<b>1 433</b>	<b>1 400</b>	<b>-</b>	<b>394</b>

## 9.2 Prepayments (Not expensed)

	Note	Balance as at 1 April 2018	Less: Amount expensed in current year	Add or Less: Other	Add: Current Year advances	Balance as at 31 March 2019
		R'000	R'000	R'000	R'000	R'000
Goods and services	9	-	89	-	94	5
<b>TOTAL</b>		<b>-</b>	<b>89</b>	<b>-</b>	<b>94</b>	<b>5</b>

## 10. Receivables

	Note	2018/19			2017/18		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	10.1	47	-	47	-	-	-
Staff debt	10.2	23	47	70	49	17	66
Other debtors	10.3	2	1 890	1 892	32	1 617	1 649
<b>TOTAL</b>		<b>72</b>	<b>1 937</b>	<b>2 009</b>	<b>81</b>	<b>1 634</b>	<b>1 715</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 10.1 Claims recoverable

	Note	2018/19	2017/18
	10 and Annex 3	R'000	R'000
Provincial departments		47	-
<b>TOTAL</b>		<b>47</b>	<b>-</b>

Salary claim receivable from the Gauteng Provincial Department for a transferred official.

## 10.2 Staff debt

	Note	2018/19	2017/18
	10	R'000	R'000
Salary overpayment		49	48
Tax debt		19	17
Leave without pay		2	1
<b>TOTAL</b>		<b>70</b>	<b>66</b>

Performance award tax debt, salary overpayment for ex-employees and leave without pay.

## 10.3 Other debtors

	Note	2018/19	2017/18
	10	R'000	R'000
Grants incentives overpayments or non-performance		1 892	1 649
<b>TOTAL</b>		<b>1 892</b>	<b>1 649</b>

Balance owing from an overpayment to service providers related to the CIS and BBSDP. Legal services had handed over the BBSDP case to Rudman Attorneys- a private legal firm.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 11. Voted funds to be surrendered to the Revenue Fund

	Note	2018/19	2017/18
		R'000	R'000
Opening balance		16 186	29 409
Prior period error			
As restated		16 186	29 409
Transfer from statement of financial performance (as restated)		68 935	16 186
Paid during the year		(16 186)	(29 409)
<b>TOTAL</b>		<b>68 935</b>	<b>16 186</b>

## 12. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

	Note	2018/19	2017/18
		R'000	R'000
Opening balance		54	39
Prior period error			
As restated		54	39
Transfer from statement of financial performance (as restated)		1 329	551
Paid during the year		(1 380)	(536)
<b>TOTAL</b>		<b>3</b>	<b>54</b>

R30 000 received on 28/03/2019 for vehicle sales was paid over to the NRF in March. The amount interfaced on Pay Master General account in April 2019.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 13. Payables – current

	Note	2018/19	2017/18
		R'000	R'000
Clearing accounts	13.1	8	365
<b>TOTAL</b>		<b>8</b>	<b>365</b>

### 13.1 Clearing accounts

	Note	2018/19	2017/18
		R'000	R'000
Sal:Bargaining Councils		-	239
Sal:Income Tax	13	8	126
<b>TOTAL</b>		<b>8</b>	<b>365</b>

Deduction from an April 2019 salary run.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 14. Net cash flow available from operating activities

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
Net surplus/(deficit) as per Statement of Financial Performance		70 264	16 669
Add back non cash/cash movements not deemed operating activities		(12 080)	(23 656)
(Increase)/decrease in receivables		(294)	(109)
(Increase)/decrease in prepayments and advances		(49)	(424)
Increase/(decrease) in payables – current		(357)	365
Proceeds from sale of capital assets		(175)	-
Expenditure on capital assets		6 484	6 458
Surrenders to Revenue Fund		(17 566)	(29 945)
Surrenders to RDP Fund/Donor		(123)	(1)
<b>NET CASH FLOW GENERATED BY OPERATING ACTIVITIES</b>		<b>58 184</b>	<b>(6 987)</b>

## 15. Reconciliation of cash and cash equivalents for cash flow purposes

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
Consolidated Paymaster General account		68 134	15 981
Cash on hand		66	66
<b>TOTAL</b>		<b>68 200</b>	<b>16 047</b>



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 16. Contingent liabilities and contingent assets

### 16.1 Contingent liabilities

	Note	2018/19	2017/18
		R'000	R'000
<b>Liable to</b>			
Claims against the department	Annex 2A	850	-
<b>TOTAL</b>		<b>850</b>	<b>-</b>

Loss of business profits claim, cash award claim and underpayment of employment settlement claim.

### 16.2 Contingent assets

	Note	2018/19	2017/18
		R'000	R'000
<b>Nature of contingent asset</b>			
BBSDP Incentives		1 440	1 440
CIS Incentives		331	-
<b>TOTAL</b>		<b>1 771</b>	<b>1 440</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## BBSDP:

Litigation matters transferred from **the dti** (2016) where recovery processes were instituted against companies for fraudulent claims and benefits in the amount of R1.1 million. Fraudulent claims worth R315 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 R331 thousand but failed to deliver the equipment. Legal Unit is handling the recovery process.

## Forensic investigation outcomes:

DSBD engaged the services of the Office of the Auditor General of SA to conduct a forensic investigation into the administration of the Department's 2 incentive schemes. The findings of the report include allegations of fraud, misrepresentation and non-compliance of Departmental Guidelines on the part of officials responsible for the administration of the schemes as well as allegations of collusion and fraud in respect of Applicants, beneficiaries and service providers who were awarded funding in terms of the schemes. This has resulted in 9 officials of the Department being placed on precautionary suspension in order to follow the relevant employee relations process. Possible civil claims for recovery of funds and possible criminal charges will also be pursued against officials and cited third parties through engagement with the Office of the State Attorney to assist and these will be processed through the Courts and the South African Police Services

## 17. Commitments

	Note	2018/19	2017/18
		R'000	R'000
<b>Current expenditure</b>		<b>7 448</b>	<b>14 945</b>
Approved and contracted		7 448	14 945
<b>Capital expenditure</b>		<b>-</b>	<b>40</b>
Approved and contracted		-	40
<b>TOTAL COMMITMENTS</b>		<b>7 448</b>	<b>14 985</b>

Commitments worth R187 thousand are payable after a year. Sita-MLDS support in Pretoria and Cape Town (R3.8 million and R102 thousand); Microsoft licensing R1.060 mil. GTAC-RTR R864k. Osiba & Mthente for consulting services - R733 thousand.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 18. Accruals and payables not recognised

### 18.1 Accruals

			2018/19	2017/18
			R'000	R'000
<b>Listed by economic classification</b>	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>	<b>Total</b>
Goods and services	1 529	56	1 585	3 130
Transfers and subsidies	-	-	-	42
Capital assets	62	4	66	256
<b>TOTAL</b>	<b>1 591</b>	<b>60</b>	<b>1 651</b>	<b>3 428</b>

	Note	2018/19	2017/18
		R'000	R'000
<b>Listed by programme level</b>			
Administration		937	1 878
Sector Policy and Research		97	838
Integrated Co-operative Development		135	713
Enterprise Development and Entrepreneurship		482	
<b>TOTAL</b>		<b>1 651</b>	<b>3 428</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 19. Employee benefits

	Note	2018/19	2017/18
		R'000	R'000
Leave entitlement		4 611	4 384
Service bonus		3 122	2 888
Performance awards		2 277	1 987
Capped leave commitments		1 030	958
Other		10	31
<b>TOTAL</b>		<b>11 051</b>	<b>10 248</b>

## 20. Lease commitments

### 20.1 Operating leases

2018/19	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	19 863	-	19 863
<b>TOTAL LEASE COMMITMENTS</b>	<b>-</b>	<b>-</b>	<b>19 863</b>	<b>-</b>	<b>19 863</b>

2017/18	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	18 340	-	18 340
Later than 1 year and not later than 5 years	-	-	19 856	-	19 856
<b>TOTAL LEASE COMMITMENTS</b>	<b>-</b>	<b>-</b>	<b>38 196</b>	<b>-</b>	<b>38 196</b>

Rental for office space on the dti campus.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 20.2 Finance leases \*\*

2018/19	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	2 927	2 927
Later than 1 year and not later than 5 years	-	-	-	930	930
Later than 5 years	-	-	-	-	-
<b>TOTAL LEASE COMMITMENTS</b>	-	-	-	<b>3 857</b>	<b>3 857</b>

2017/18	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	1 925	1 925
Later than 1 year and not later than 5 years	-	-	-	1 227	1 227
<b>TOTAL LEASE COMMITMENTS</b>	-	-	-	<b>3 152</b>	<b>3 152</b>

Tools of trade leases: Mobile communications contract and photocopying services contract.

## 21. Accrued departmental revenue

	Note	2018/19	2017/18
		R'000	R'000
Interest dividends and rent on land		-	1 052
<b>TOTAL</b>		<b>-</b>	<b>1 052</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 21.1 Analysis of accrued departmental revenue

	Note	2018/19	2017/18
		R'000	R'000
Opening balance		1 052	-
Less: amounts received		( 1 052)	-
Add: amounts recorded		-	1 052
<b>CLOSING BALANCE</b>		<b>-</b>	<b>1 052</b>

## 22. Irregular expenditure

### 22.1 Reconciliation of irregular expenditure

	Note	2018/19	2017/18
		R'000	R'000
Opening balance		207	-
Prior period error		-	-
As restated		-	-
Add: Irregular expenditure – relating to prior year		-	-
Add: Irregular expenditure – relating to current year		740	207
Less: Prior year amounts condoned		-	-
Less: Current year amounts condoned		-	-
Less: Amounts not condoned and recoverable		-	-
Less: Amounts not condoned and not recoverable		-	-
<b>CLOSING BALANCE</b>		<b>947</b>	<b>207</b>
Analysis of awaiting condonation per age classification			
Current year		740	207
Prior years		207	-
<b>TOTAL</b>		<b>947</b>	<b>207</b>

Omission of local content threshold on request for quotation and using the month to month clause on the Travel Management Contract without Accounting Officer's approval.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 22.2 Details of irregular expenditure – added current year (relating to current and prior years)

		2018/19
		R'000
<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>	
Omission of local content threshold on request for quotation	Under investigation	474
Travel management fees contract 201819	Under investigation	266
<b>TOTAL</b>		<b>740</b>

Omission of local content threshold on request for quotation and using the month to month clause on the Travel Management Contract without Accounting Officer's approval.

## 22.3 Details of irregular expenditure under investigation (not included in the main note)

		2018/19
		R'000
<b>Incident</b>		
Legal services fees through the State Attorney's office		304
<b>TOTAL</b>		<b>304</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 23. Fruitless and wasteful expenditure

### 23.1 Reconciliation of fruitless and wasteful expenditure

	Note	2018/19	2017/18
		R'000	R'000
Opening balance		-	-
Prior period error			-
Fruitless and wasteful expenditure – relating to current year		12	-
Less: Amounts resolved		(6)	-
<b>CLOSING BALANCE</b>		<b>6</b>	<b>-</b>

### 23.2 Analysis of Current year's (relating to current and prior years) fruitless and wasteful expenditure

		2018/19
		R'000
<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>	
Official booked for travel but never travelled	Money to be recovered from the official	2
Official returned a hired car two days after the date it was supposed to be returned	Money to be recovered from the official	4
Official missed the flight due to unforeseen road maintenance	Expenditure condoned	4
Official missed the flight due to unforeseen road maintenance	Expenditure condoned	2
<b>TOTAL</b>		<b>12</b>



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 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 Economic Development Department (EDD)

Transfers to sefa are still done by Economic Development Department (EDD), sefa provides financial support to SMEs in the form of loans. All transactions were at arm's length.

## 25. Key management personnel

	<i>No. of individuals</i>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
Political office bearers (provide detail below)	2	4 379	4 185
Officials:			
Level 15 to 16	3	7 306	6 253
Level 14 (incl CFO if at a lower level)	10	10 001	9 713
<b>TOTAL</b>		<b>21 686</b>	<b>20 151</b>

The Director General's contract ended on the 30th of September and an acting DG was appointed effective from 01 October 2018 to the end of the financial year.

## 26. Provisions

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
Co-operatives Incentives Scheme		45 087	9 108
Black Business Supplier Development Programme		119 286	271 398
<b>TOTAL</b>		<b>164 373</b>	<b>280 506</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 26.1 Reconciliation of movement in provisions – 2018/19

	Provision 1	Provision 2	Total provisions
	R'000	R'000	R'000
Opening balance	9 108	271 398	280 506
Increase in provision	76 590	270 881	347 471
Settlement of provision	(41 222)	(257 739)	(298 961)
Unused amount reversed	(1)	(193 758)	(193 759)
Reimbursement expected from third party	(74)	(21)	(95)
Change in provision due to change in estimation of inputs	686	28 526	29 212
<b>CLOSING BALANCE</b>	<b>45 087</b>	<b>119 286</b>	<b>164 373</b>

Settlement provision represent the payment made to beneficiaries during the financial year and the unused amount reversed represent to approvals cancelled in cases where the beneficiary fails to submit a complete claim within the stipulated time.

## 26.2 Reconciliation of movement in provisions – 2017/18

	Provision 1	Provision 2	Total provisions
	R'000	R'000	R'000
Opening balance	13 357	216 736	230 093
Increase in provision	68 669	373 383	442 052
Settlement of provision	(70 695)	(256 742)	(327 437)
Unused amount reversed	(2 284)	(87 895)	(90 179)
Reimbursement expected from third party	-	26 350	26 350
Change in provision due to change in estimation of inputs	61	(434)	(373)
<b>CLOSING BALANCE</b>	<b>9 108</b>	<b>271 398</b>	<b>280 506</b>

The major assumption is that beneficiaries of the schemes will provide the requisite documents and remain compliant in terms of the schemes requirements that are aligned to NT, CIPC and SARS requirements and are not public servants.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 27. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>Machinery and equipment</b>	16 418	-	3 139	(2 479)	17 078
Transport assets	4 415	-	-	(538)	3 877
Computer equipment	5 819	-	983	(918)	5 884
Furniture and office equipment	3 363	-	1 200	(824)	3 739
Other machinery and equipment	2 821	-	955	(199)	3 578
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>16 418</b>	<b>-</b>	<b>3 139</b>	<b>(2 479)</b>	<b>17 078</b>

### Movable Tangible Capital Assets under investigation

	Number	Value
		R'000
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	12	208

These are assets reported stolen, lost or damaged and are investigated by the internal Security Management unit.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 27.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current not paid (Paid current year received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
<b>Machinery and equipment</b>	5 030	482	(2 372)	-	3 139
Transport assets	-	-	-	-	-
Computer equipment	951	32	-	-	983
Furniture and office equipment	1 200	-	-	-	1 200
Other machinery and equipment	2 878	450	(2 372)	-	955
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>5 030</b>	<b>482</b>	<b>(2 372)</b>	<b>-</b>	<b>3 139</b>

## 27.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
<b>Machinery and equipment</b>	538	1 941	2 479	175
Transport assets	538	-	538	175
Computer equipment	-	918	918	-
Furniture and office equipment	-	824	824	-
Other machinery and equipment	-	199	199	-
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>538</b>	<b>1 941</b>	<b>2 479</b>	<b>175</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 27.3 Movement for 2017/18

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	12 784	-	4 128	(494)	16 418
Transport assets	2 596	-	1 819	-	4 415
Computer equipment	5 330	-	892	(403)	5 819
Furniture and office equipment	3 126	-	328	(91)	3 363
Other machinery and equipment	1 732	-	1 089	-	2 821
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>12 784</b>	<b>-</b>	<b>4 128</b>	<b>(494)</b>	<b>16 418</b>

## 27.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2019

	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	-	-	-	1 019	-	1 019
Additions	-	-	-	229	-	229
Disposals	-	-	-	(174)	-	(174)
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 074</b>	<b>-</b>	<b>1 074</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000
Number of R1 minor assets	-	-	-	-	-
Number of minor assets at cost	-	-	361	-	361
<b>TOTAL NUMBER OF MINOR ASSETS</b>	-	-	361	-	361

## Minor Capital Assets under investigation

	Number	Value
		R'000
Included in the above total of the minor capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	5	18

## 27.5 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2018

	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	-	-	-	644	-	644
Value adjustments	-	-	-	-	-	-
Additions	-	-	-	382	-	382
Disposals	-	-	-	(7)	-	(7)
<b>TOTAL MINOR ASSETS</b>	-	-	-	1 019	-	1 019

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000
Number of R1 minor assets	-	-	-	-	-
Number of minor assets at cost	-	-	350	-	350
<b>TOTAL NUMBER OF MINOR ASSETS</b>	-	-	350	-	350

## 28. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Software	1 515	-	1 454	-	2 969
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	1 515	-	1 454	-	2 969

### 28.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Cash	Non-Cash	(Development work in progress – current costs)	Received current year not paid (Paid current year received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
Software	1 454	-	-	-	1 454
<b>TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS</b>	1 454	-	-	-	1 454

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 28.2 Movement for 2017/18

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Software	17	-	1 498	-	1 515
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>17</b>	<b>-</b>	<b>1 498</b>	<b>-</b>	<b>1 515</b>

## 29. Prior period errors

### 29.1 Correction of prior period errors

	Note	Amount bef error correction 2017/18	Prior period error 2017/18	Restated Amount 2017/18
		R'000	R'000	R'000
Revenue: (E.g. Annual appropriation, Departmental revenue, Aid assistance, etc.)				
Other: Irregular expenditure	22	-	207	207
<b>NET EFFECT</b>		<b>-</b>	<b>207</b>	<b>207</b>

Travel management fees cost paid following the month to month clause

	Note	Amount bef error correction 2017/18	Prior period error 2017/18	Restated Amount 2017/18
		R'000	R'000	R'000
Other: (E.g. Irregular expenditure, Fruitless and wasteful expenditure, etc.)				
Irregular expenditure	22	-	207	207
<b>NET EFFECT</b>		<b>-</b>	<b>207</b>	<b>207</b>

Travel management fees cost paid following the month to month clause



## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## ANNEXURE 1A

## STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENTAL AGENCY/ ACCOUNT	Transfer Allocation				Transfer		2017/18
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Seda Technology Programme	229 359	-	-	229 359	229 359	100%	619 766
Small Enterprise Development Agency	580 241	-	-	580 241	580 241	100%	161 146
Seda Capacity Building	30 489	-	-	30 489	30 489	100%	30 389
<b>TOTAL</b>	<b>840 089</b>	<b>-</b>	<b>-</b>	<b>840 089</b>	<b>840 089</b>	<b>100%</b>	<b>811 301</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## ANNEXURE 1B

## STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE	Transfer Allocation				Expenditure				2017/18
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Capital	Current	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
<b>Public Corporations</b>									
Industrial Development Corporation	10 000	-	-	10 000	10 000	100.0%	-	10 000	10 000
<b>TOTAL</b>	<b>10 000</b>	<b>-</b>	<b>-</b>	<b>10 000</b>	<b>10 000</b>	<b>100.0%</b>	<b>-</b>	<b>10 000</b>	<b>10 000</b>
<b>Private Enterprises</b>									
<b>Transfers</b>									
Black Business Supplier Development Programme (BBSDP)	270 953	-	-	270 953	257 739	95.1%	-	257 739	256 750
Co-operatives Incentives Scheme (CIS)	83 318	-	-	83 318	41 222	49.5%	-	41 222	70 750
Enterprise Incubation Programme (EIP)	-	-	-	-	-	-	-	-	75 539
National Informal Business Upliftment Scheme (NIBUS)	57 238	-	-	57 238	56 742	99.1%	-	56 742	33 806
<b>TOTAL</b>	<b>411 509</b>	<b>-</b>	<b>-</b>	<b>411 509</b>	<b>355 703</b>	<b>86.4%</b>	<b>-</b>	<b>355 703</b>	<b>436 845</b>
<b>TOTAL</b>	<b>421 509</b>	<b>-</b>	<b>-</b>	<b>421 509</b>	<b>365 703</b>	<b>86.8%</b>	<b>-</b>	<b>365 703</b>	<b>446 845</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## ANNEXURE 1C

## STATEMENT OF TRANSFERS TO HOUSEHOLDS

	Transfer Allocation				Expenditure		2017/18
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>HOUSEHOLDS</b>							
<b>Transfers</b>							
Households (HH)	782	-	-	782	655	84%	173
<b>TOTAL</b>	<b>782</b>	<b>-</b>	<b>-</b>	<b>782</b>	<b>655</b>	<b>84%</b>	<b>173</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## ANNEXURE 1D

## STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT DONATION OR SPONSORSHIP	2018/19	2017/18
		R'000	R'000
Received in kind			
JCB Polokwane	Basket of Biltong and chocolates to BBSDP Staff	-	0
CISMEF (China)	Picture Frame	-	0
Ascential Events	Birmingham spring fair	-	47
Dream Invest	Accommodation and ticket	20	-
Megaphase Road Signage (Pty) Ltd	Mouse pad	0	-
NACFISA	Watch	0	-
Ibhubesi Information Technologies	Memory stick & Coffee mugs	0	-
<b>TOTAL</b>		<b>20</b>	<b>48</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## ANNEXURE 1E

## STATEMENT OF AID ASSISTANCE RECEIVED

Name of Donor	Purpose	Opening Balance	Revenue	Expenditure	Paid Back on/by 31 March 2019	Closing Balance
		R'000	R'000	R'000	R'000	R'000
<b>Received in cash</b>						
African Development Bank	Enterprise Development Pilot Project	123	-	-	123	-
<b>TOTAL</b>		<b>123</b>	<b>-</b>	<b>-</b>	<b>123</b>	<b>-</b>

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## ANNEXURE 1F

### STATEMENT OF GIFTS DONATIONS AND SPONSORSHIPS MADE PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2018/19	2017/18
	R'000	R'000
Made in kind		
South African Informal Traders Alliance - (Conferencing at Orion Hotels & Resorts)	100	-
Global Business Round Table	100	-
<b>TOTAL</b>	<b>200</b>	<b>-</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## ANNEXURE 2A

## STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2019

	Opening Balance 1 April 2018	Liabilities Incurred During the Year	Liabilities Paid/ Cancelled/Reduced During the Year	Liabilities Recoverable (Provide Details Hereunder)	Closing Balance 31 March 2019
NATURE OF LIABILITY	R'000	R'000	R'000	R'000	R'000
<b>Claims against the Department</b>					
Breach of contract by DSBD (CIS)	-	170	-	-	170
Settlement agreement to former employee	-	561	-	-	561
Performance assessment	-	119	-	-	119
<b>TOTAL</b>	-	<b>850</b>	-	-	<b>850</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## ANNEXURE 3

## CLAIMS RECOVERABLE

	Confirmed Balance Outstanding		Unconfirmed Balance Outstanding		Total		Cash in Transit at Year End 2018/19 *	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
<b>GOVERNMENT ENTITY</b>								
<b>Department</b>								
Gauteng Economic Development	47	-	-	-	47	-	-	-
<b>TOTAL</b>	<b>47</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47</b>	<b>-</b>	<b>-</b>	<b>-</b>



## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## ANNEXURE 4

## INTER-GOVERNMENT PAYABLES

	Confirmed Balance Outstanding		Unconfirmed Balance Outstanding		Total		Cash in Transit at Year End 2018/19 *	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
<b>GOVERNMENT ENTITY</b>								
<b>DEPARTMENTS</b>								
<b>Current</b>								
Limpopo Co-operative Governance Human Settlements and Traditional Affairs	35	-	-	-	35	-	-	-
<b>TOTAL</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>-</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## ANNEXURE 5A

## INTER-ENTITY ADVANCES PAID (NOTE 9)

ENTITY	Confirmed Balance Outstanding		Unconfirmed Balance Outstanding		Total	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	R'000	R'000	R'000	R'000	R'000	R'000
<b>NATIONAL DEPARTMENTS</b>						
Department of International Relations and Cooperation	-	73	394	-	394	73
GCIS	-	354	-	-	-	354
<b>SUBTOTAL</b>	-	<b>427</b>	<b>394</b>	-	<b>394</b>	<b>427</b>
<b>OTHER INSTITUTIONS</b>						
Multi Choice	-	-	5	-	5	-
<b>SUBTOTAL</b>	-	-	<b>5</b>	-	<b>5</b>	-
<b>TOTAL</b>	-	<b>427</b>	<b>399</b>	-	<b>399</b>	<b>427</b>



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