



DEPARTMENT OF SMALL BUSINESS DEVELOPMENT

ANNUAL REPORT

2023/24



**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

ADDG	Acting Deputy Director-General
AGSA	Auditor-General of South Africa
AO	Accounting Officer
APP	Annual Performance Plan
ARC	Audit and Risk Committee
BAC	Bid Adjudication Committee
B-BBEE	Broad-based Black Economic Empowerment
BBSDP	Black Business Supplier Development Programme
CDA	Co-operatives Development Agency
CFO	Chief Financial Officer
CIS	Cooperatives Incentive Scheme
COE	Cost of Employment
COGTA	Cooperative Governance and Traditional Affairs
COVID-19	Coronavirus Disease 2019
DDG	Deputy Director-General
DDM	District Development Model
DG	Director-General
DPSA	Department of Public Service and Administration
DSBD	Department of Small Business Development
EDSE	Ecosystem Development for Small Enterprises
EE	Employment Equity
EHW	Employment, Health and Wellness
ENE	Estimate of National Expenditure
EODB	Ease of Doing Business
ESD	Enterprise Supplier Development
EU	European Union
EXCO	Executive Committee
GDP	Gross Domestic Product
HCT	HIV Counselling & Testing
HOD	Head of Department
ICT	Information and Communication Technology

IMEDP	Informal and Micro Enterprise Development Programme
KZN	KwaZulu-Natal
MPSA	Minister of Public Service Administration
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan, Vision 2030
NIBUS	National Informal Business Upliftment Strategy
NISED	National Integrated Small Enterprise Development
NMOG	National Macro Organisation of Government
NT	National Treasury
NYDA	National Development Youth Agency
PFMA	Public Finance Management Act
PPP	Public Private Partnerships
PSCBC	Public Service Co-ordinating Bargaining Council
PWD	Persons with Disability
RDP	Reconstruction Development Programme
SAIPA	South African Institute of Professional Accountants
SALGA	South African Local Government Association
SBD	Small Business Development
SCM	Supply Chain Management
SDIP	Service Delivery Improvement Plan
Seda	Small Enterprise Development Agency
sefa	Small Enterprise Finance Agency
SITA	State Information Technology Agency
SMMEs	Small, Medium and Micro Enterprises
SMS	Senior Management Service
SOP	Standard Operating Procedure
StatsSA	Statistics South Africa
the dtic	Department of Trade, Industry and Competition
TR	Treasury Regulations
TREP	Township and Rural Enterprises Programme



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

3. FOREWORD BY THE MINISTER OF SMALL BUSINESS DEVELOPMENT

The 2023/24 Annual Report outlines the contribution that the Department of Small Business Development has made to Government's priority of achieving faster and more inclusive economic growth through the provision of enabling support to small enterprises.

The work of the department during the 2023/24 Financial Year was framed by government's broader priorities as outlined in the National Development Plan 2030 and the 2019-24 Medium Term Strategic Framework (MTSF), as well as our National Integrated Small Enterprise Development Strategic Framework (NISED). The NISED is the country's third iteration MSME Strategy and was approved by Cabinet in the 2022/23 Financial Year.

Much was achieved by the Department in the year under review:

- We improved our performance this year, achieving 85% of performance targets.
- We spent 98.2% of the final budget of R2.529 billion, amounting to R2.485 billion, and recorded no fruitless and wasteful expenditure.
- We maintained our unqualified audit opinion, with no findings for both the Annual Financial Statements and performance information.
- We paid all valid creditors promptly, within an average of six days.
- We reduced our vacancy rate by 11.8% towards filling the approved organizational structure.
- We achieved 53.7% representation of women in senior management, and a 3.7% employment rate for Persons with Disabilities (PWDs) against a target of 3%, showcasing the Department's commitment to diversity and inclusion.
- We supported, through our agencies, 20 509 MSMEs and co-operatives as part of the Township and Rural Entrepreneurship Programme (TREP).
- We amended our enabling legislation, the National Small Enterprise Act, which has recently been assented to by the President, and which enables the establishment of our new one-stop agency – the Small Enterprise Development and Finance Agency (SEDFA). The new entity integrates Seda, **sefa** and the Co-operative Banks Development Agency, and will come into being on 01 October 2024. The amended legislation also enables us to establish the Office of the Small Enterprise Ombuds.

- We developed the MSME and Co-operatives Funding Policy, which has recently been approved by Cabinet, and which among things, allows for the establishment of a Fund of Funds, and a moveable asset registry.

We have laid a solid foundation and are well positioned to scale financial and non-financial support to small enterprises during this 7th Administration, working as a leadership team with Deputy Minister Jane Sithole and newly appointed Director General Thulisile Manzini.

In line with the NISED, we will be focused on five priority areas: (1) reducing red tape; (2) enabling more accessible and less costly finance to MSMEs and co-operatives; (3) enabling market access and tackling barriers to entry for small enterprises, (4) providing access to higher quality business skills and entrepreneurship support, and (5) building capacity and capabilities within the department and the new entity SEDFA to deliver services, and lead the entrepreneurship support eco-system.

I would like to thank the Deputy Minister I worked with during the 2023/24 Financial Year, Ms Dipuo Peters, the Chair and Board Members of Seda and **sefa**, as well as the Director General, management and staff of the department for their commitment and support. I would also like to thank the Small Business Development Portfolio Committee under the leadership of the late Honorable Violet Siwela for their wisdom and guidance, and for holding us accountable for our performance and resource utilization.



Ms Stella Tembisa Ndabeni-Abrahams, MP

Minister of the Department of Small Business Development

Date: 29 September 2024



4. DEPUTY MINISTER STATEMENT

Ms Jane Sithole

Deputy Minister of Small Business Development

I could not have joined the Department of Small Business Development (DSBD) at a more exciting time than during this administration. I come at a time when the Department is tasked with a responsibility to establish a new one-stop shop agency following the President's assentment to the National Small Enterprise Bill. The agency, which is the amalgamation of Seda, **sefa** and CBDA into SEDFA seeks to provide streamlined support services to small and medium enterprises, including Co-operatives. We see this as a great opportunity to equally review our processes and systems for efficiency. The journey ahead is certainly promising.

The 2023/24 financial year, as per the Department's performance, was a good year from the feedback I have received since my arrival. I am of the view that this account of every indicator attests to the great management and leadership that is steering the ship in the right direction. I am inspired by the levels of achievement in most of the key performance indicators, with an overall performance of 85%.

It is also pleasing to note that the Department has received a clean audit, and it has been paying suppliers within 30 days of receipt of complete invoices. This is one area that leads to most small businesses collapsing because of services rendered but not paid.

It has always been my desire to fight at the right platform for the inclusion of women in the economy and this Department is the most pertinent I could have asked for; it is directly involved and responsible for the championing of women in business across all sectors. It is against this assertion that as the Department we are establishing incubators and implementing programmes to develop entrepreneurship and business skills for women-owned startups. We are working with universities, TVETs and others in the innovation eco-system to ensure that women-owned Micro, Small and Medium Enterprises (MSMEs), including co-operatives, have access to technology and can take advantage of the productivity improvements that come with the use of technology-based applications.

As far as access to markets is concerned, the SheTrades programme is an ambitious outward looking initiative to propel women owned enterprises to the global stage. We are excited to see more women utilising the digital platform to register their businesses and also to tap unto opportunities emanating from their inclusion in the programme. This is in addition to the various trade and investment missions that the Department together with SEDFA continue to lead.

I am particularly encouraged by the Intra-African Trade Fair (IATF) 2023 which gave South African SMMEs a rare chance to investigate opportunities for regional trade and economic growth. Small to medium businesses should be allowed to maximise the benefits of participation and not only be restricted to exhibiting, and the IATF should be emphasised as a strategic platform for developing sustainable trade ties under the AfCFTA framework. This is my area of interest as I already know that there are many other outlets that support women and youth owned enterprises.

I am confident that the government's National Development Plan, Vision 2030, which aims to leverage the potential of MSMEs, co-operatives, and the informal sector but also setting specific goals for the small business sector, will be realised primarily through the active participation in the economy. Our mandate is to continue increasing the sector's contribution to GDP to enhance economic growth and reducing the cost of regulatory compliance and promoting an environment conducive to doing business for MSMEs through policy coherence and partnerships between key societal players, businesses, and the government.

Let me extend my word of gratitude to Minister Stella Ndabeni-Abrahams and Acting Director General, Ms. Thulisile Manzini for warmly welcoming me and immediately showing me the ropes. Under the stewardship of the Minister, I am confident that we shall excel at most of our key priorities.

I thank you.



Ms Jane Sithole

*Deputy Minister of the Department of Small Business
Development*

Date: 29 September 2024



Ms Thulisile Manzini

Acting Director-General

Department of Small Business Development

5. REPORT OF THE ACCOUNTING OFFICER

5.1 Introduction

This Annual Report is an account of our 2023/24 financial year performance as it seeks to provide detailed feedback on the extent and manner in which the Department of Small Business Development (DSBD) has implemented its programmes/projects during the financial ending 31 March 2024. During the year under review, the Department continued to implement its key strategic priorities, which are aligned to the Government National Development Plan (NDP), the revised 2019-24 Medium Term Strategic Framework (MTSF) priorities, Minister's Performance Agreement and the Economic Reconstruction and Recovery Plan (ERRP). Despite the introduction of the Cost Containment Measures during the financial year under review, the Department managed to achieve 85% of its set targets for the 2023/24 financial year.

5.2. Overview of the operations of the Department

Administration

The Administration Programme continued to provide strategic leadership, management, and support services to the entire DSBD. During the period under review, the Department maintained its Unqualified Audit Opinion with no findings for the 2023/24 financial year, for both the Annual Financial Statements and Performance information. The Department paid 100% of its valid creditors, these comprised the processing of 11 651 invoices worth R73.4 million on an average of six days, facilitating timely access to cash flow, which is critical in sustaining enterprises. Furthermore, the Department was able to spend R2.485 billion (98.2%) of the final budget of R2.529 billion. The Department has not incurred any fruitless and wasteful expenditure for the year under review.

The Department closed the reporting period with female representation at Senior Management Service (SMS) level at 53.7%. The DSBD recorded 11.8% reduction in vacancy rate towards filling the approved organisational structure and on Persons with Disabilities (PWDs) a 3.7% was achieved against a target of 3%.

The Department continues to share information about the opportunities that exist for Small, Medium and Micro Enterprises (SMMEs) and Co-operatives. The Department, together with its entities – the Small Enterprise Development Agency (Seda) and the Small Enterprise Finance Agency (**sefa**), implemented 110 public engagements which were executed within district municipalities. These engagements promoted the work of the Small Business Development (SBD) portfolio, which is made up of DSBD, **sefa** and Seda, with the aim of providing financial and non-financial support to SMMEs and Co-operatives in an effort to increase the uptake of programmes offered by the SBD portfolio.

Sector and Market Development

The Department has made great strides in implementing the SMME-Focused Localisation Policy Framework in South Africa as was approved by Cabinet during the 2020/21 financial year. Through this Framework, the Department aims to replace imports and build the manufacturing capacity of SMMEs and Co-operatives.

To drive localisation, the Department designed a focused Small Enterprise Manufacturing Support Programme (SEMSP) that is aimed at building and supporting SMMEs and Co-operatives participation in the manufacturing value chain. Since the SEMSP started approving transactions on 18 September 2020, R642.7 million was disbursed to 104 SMMEs, facilitating 4 488 jobs. The implementation of the SMME-Focused Localisation Policy Framework also saw a total of 285 products produced and services rendered by SMMEs and Co-operatives being introduced to market in the period under review.

In addition, the Department implemented the Small Business Exporter Development Scheme (SBEDS) Guidelines that it had introduced in March 2023 for the implementation of exposing SMMEs and Co-operatives to global market opportunities, this bringing the Internal Relation (IR) Strategy to life. The purpose of the SBEDS is to compensate the costs in respect of the activities aimed for the development of South African Small Business exporters with the objective to develop new export markets, broadening the export base for local products and services and stimulate job creation whilst increasing the participation of black owned enterprises in exports. In the 2023/24 financial year, the target was to expose 200 SMMEs and Co-operatives to global market opportunities and an implementation plan was

developed and implemented successfully. The target, as per the implementation plan, was overachieved by 117 due to the Global Entrepreneurship Congress Africa Plus that was hosted by the Department in March 2024. Through these initiatives, the overall objectives of the IR Strategy were met.

The Department also set itself the annual target of monitoring the Incubation Support Programme Improvement Plan. The Incubation Support Programme impact evaluation was conducted, and Improvement Plan was approved by the DSBD Executive Committee (EXCO). During the 2023/24 financial year, the Department monitored the Incubation Support Programme Improvement Plan and produced one monitoring report that was approved by EXCO.

For the year under review, the Department had set itself a target of seven business infrastructure for SMMEs and Co-operatives that would be refurbished or built. This resulted in five projects being completed.

The Department also set a target of submitting the Business Amendment Bill to the Minister for introduction to Parliament. However, this target was not achieved because the Office of Chief State Law Attorneys (OCSLA) did not certify the Bill during the period under review. Instead, a conditional certification was received from OCSLA during Quarter 4 of 2023/24, indicating that the Department can proceed to submit the Bill to Cabinet but must first attend to and re-draft a number of clauses. The Department secured a legal firm to assist in re-drafting the Bill as per OCSLA's opinion and review. The Department plans to submit the Bill to Cabinet during the course of 2024/25 financial year.

Development Finance

As part the DSBD's outcome that focuses on expanding access to financial and non-financial support and implement responsive programmes to new and existing SMMEs and Co-operatives, the Department supported 18 843 start-ups youth businesses against a target of 10 000.

Through the Informal and Micro Enterprise Development Programme (IMEDP), the DSBD supported 2 045 informal businesses against a target of 1 333. This was as a result of the review and refinement of the Standard Operating Procedures (SOP) and Guidelines that detail specific elements for the successful roll-out and delivery of the programme.

The SMMEs and Co-operatives Funding Policy was expected to be concluded by 31 March 2024 after it has gone through tabling to strategic structures such as National Economic Development and Labour Council (NEDLAC), Economic Sector, Investment, Employment and Infrastructure Development (ESIED) Cluster and subsequently to Cabinet for final approval. This deadline was not met as the final inputs were received almost at the end of March 2024, and time was needed to analyse and incorporate the received inputs. Comments received from stakeholders were incorporated into the final SMMEs and Co-operatives Funding Policy.

During the year under review, the Department implemented the Township and Rural Entrepreneurship Programme (TREP) that is meant to stimulate and facilitate the development of sustainable and competitive enterprises in the township and rural areas. The programme is targeted towards designated groups – women, youth and PWDs. A total of 20 509 township and rural enterprises were supported. Furthermore, the Department and its entities supported 345 Co-operatives financially and/or non-financially. Furthermore, the Department continues to facilitate the increase in the number of competitive small businesses with a focus on township and rural economies. The competitive SMMEs and Co-operatives are those SMMEs and Co-operatives supported financially and/or non-financially with the ability to create or sustain jobs. A total of 50 077 competitive SMMEs and Co-operatives was supported by 31 March 2024.

Enterprise Development

To amplify the efforts on reducing regulatory burdens on small enterprises, the Department assisted 55 municipalities, against a 2023/24 annual target of 30 municipalities, to roll

out the Red-Tape Reduction Awareness Programme. The Red-Tape Reduction Awareness Programme is aimed at improving the business-enabling environment by strengthening overall ranking within the top 50 countries by 2024 and achieving a top 50 ranking on indicators such as starting a business, trading across borders, and registering property. To this effect, a Regulatory Reform Implementation Plan was submitted to Minister, during the financial year under review, for approval.

To facilitate the scaled-up and coordinated support for SMMEs, Co-operatives, Village and Township Economies, the Department approved the National Entrepreneurship Strategy, the Sector-focused and Hybrid Incubation and Digital Hub Support Strategy, the Township Economy Revitalisation Policy Implementation Plan, and the two reports on the SMMEs who participated in the SMME Incubation Programme and the Digital Hub Programme.

5.3. Overview of the financial results of the Department:

Departmental receipts

The Department does not provide services for which fees are charged. For the year under review, the Department collected R2.4 million, which was transferred to the National Revenue Fund. The revenue collected was from irrecoverable debts written-off (R2.3 million), rental from parking from DSBD employees (R17 thousand), commission received on the deduction of insurance/premiums from employees' salaries (R45 thousand), Interest on bank accounts (R36 thousand), and forfeits from Government Employees Housing Scheme (GEHS) capital contribution (R3 thousand).

	2023/2024			2022/2023		
	Estimate	Actual Amount Collected	(Over)/ Under Collection	Estimate	Actual Amount Collected	(Over)/ Under Collection
Departmental receipts	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	64	62	2	121	56	65
Fines, penalties and forfeits	0	3	(3)			
Interest, dividends and rent on land	26	1 212	(1 186)	8	5	3
Financial transactions in assets and liabilities	26	1 142	(1 116)	-	-	-
Total	116	2 418	(2 302)	129	61	68

Programme expenditure

	2023/2024			2022/2023		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
Programme name	R'000	R'000	R'000	R'000	R'000	R'000
Administration	135 580	128 131	7 449	117 676	109 619	8 057
Sector and Market Development	150 890	127 600	23 290	120 670	116 644	4 026
Development Finance	795 996	790 455	5 541	1 318 484	1 315 286	3 198
Enterprise Development	1 446 842	1 438 640	8 202	976 059	972 371	3 688
Total	2 529 308	2 484 827	44 481	2 532 889	2 513 921	18 968

Annual expenditure as at 31 March 2024 amounted to R2.485 billion (98.2%) against the final appropriation of R2.529 billion, resulting in a variance of R44.5 million (1.8%). The main reasons for underspending are as follows:

- **Administration Programme** contributed R7.4 million largely due to vacancies.
- **Sector and Market Development Programme** contributed R23.3 million - largely on Product Markets (R18.8 million) due to tax non-compliance issues for the North West Development Corporation, as well as a partial payment to Manguzi market stalls project due to the slow progress of the project. Compensation of Employees and Goods and Services contributed R2.2 million each due to vacancies and cancelled foreign trips for the SMMEs and Co-operatives' exposure to international platforms respectively.
- **Development Finance Programme** contributed R5.5 million largely due to vacancies (R4.8 million). Craft Customised Sector Programme contributed R650 thousand to the underspending as funds were not transferred to Trade and Investment KwaZulu-Natal (TIKZN) (R300 thousand) as their co-funding was withdrawn, and to the Free State Development Corporation (FDC) (R350 thousand) due to compliance issues.
- **Enterprise Development Programme** contributed R8.2 million largely due to vacancies.

Virements

During the 2023/24 financial year, virements were implemented in accordance with section 43 of the Public Finance Management Act (1999), and reported to National Treasury (NT).

State what virements were done and the request for rollovers

Programme	Adjusted Appropriation	Virement	Final Appropriation
	R'000	R'000	R'000
Administration	138 343	(2 763)	135 580
Sector and Market Development	163 643	(12 753)	150 890
Development Finance	753 549	42 447	795 996
Enterprise Development	1 473 773	(26 931)	1 446 842
Total	2 529 308	-	2 529 308

Reason for the virement

- The **Administration Programme** contributed a net virement of (R2.8 million). The funds were mainly reprioritised from goods and services to Programme 3: Development Finance to write-off irrecoverable debt (R762 thousand), and Programme 4: Enterprise Development to cover the shortfall on the travel budget (R2 million).
- The **Sector and Market Development Programme** contributed a net virement amount of (R12.8 million). The funds were reprioritised from goods and services to Programme 3: Development Finance to supplement the IMEDP (R8.7 million), R2.5 million to sefa for the finalisation of the merger process, and R506 thousand for the write-off irrecoverable debt. An amount of R1.1 million was reprioritised to Programme 4: Enterprise Development to cover the shortfall on travel and consultants.
- The **Development Finance Programme** received net amount of R42.4 million. Funds amounting to R762 thousand were received from Programme 1: Administration for the write-off irrecoverable debt. Programme 2: Sector and Market Development contributed a total of R11.7 million to supplement the budget for IMEDP (R8.7 million), write-off irrecoverable debts (R506 thousand), and the finalisation of the merger process (R2.5 million). An amount of R30 million was received from Programme 4: Enterprise Development as a correction of funds misallocated during the adjustment period.
- The **Enterprise Development Programme** contributed a net virement of R26.9 million. Programme 1: Administration contributed an amount of R2 million to cover the shortfall on travel, Programme 2: Sector and Market Development contributed an amount of R1.1 million to cover the shortfall on travel and consultants, whilst an amount of R30 million was moved to Programme 3: Development Finance as a correction of funds misallocated during the adjustment period.

Roll-overs

A request to roll over R2.538 million for four vehicles ordered in July and August 2022 from the RT57 transversal contract was not approved by the National Treasury. The supply chain issues experienced by the manufacturers delayed the

delivery and subsequent payment of the vehicles before the 31 March 2023 deadline, hence the request to roll over the funds.

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

The DSBD did not incur any unauthorised, fruitless and wasteful expenditure.

Strategic focus over the short to medium term period

The 2024/25 financial year is the last year of implementation of the 2020/21 to 2024/25 planning cycle. The results/conclusion of the 2024 General Election will introduce the Seventh Administration of Government for the 2024 to 2029 period. The new planning cycle (2025/26 to 2029/30) starts a year after the elections as it is informed by the decisions of the new Administration. The 2024/25 Annual Performance Plan (APP) that the Department started implementing in April 2024 will also be used as the transition plan from the Sixth Administration to the Seventh Administration.

Although the 2019-24 MTSF period ended on 31 March 2024, the DSBD continued to plan for the relevant revised 20219-24 MTSF indicators that were not achieved by the end of the 2023/24 financial year. The revised 2019-24 MTSF ascribed a critical role to small businesses, including Co-operatives, which included increasing their contribution to the Gross Domestic Product (GDP) from 35% to 50% by the year 2024. As part of the implementation of the revised 20219-24 MTSF, the DSBD was expected to play a much more direct role in respect of **Priority 2: Economic Transformation and Job Creation** of which its expected outcomes were the creation of more decent jobs and inclusive economic growth.

The SMMEs and Co-operatives are recognised as a critical sector that will contribute significantly to the transformation of the economy, inclusive economic growth and job creation. For small businesses to be able to deliver on these imperatives, Government has a critical role to play in ensuring that they are properly supported, and a conducive environment is created for them to strive and grow. Special attention is also required for support interventions and initiatives that will broaden opportunity and employment for Women, Youth and Persons with Disabilities (WYPWDs).

To effectively position small businesses to play a meaningful role in the economy, the Department will implement the following interventions which are aimed at promoting the sustainability and growth of SMMEs and Co-operatives over the medium term:

1. **National Integrated Small Enterprise Development (NISED) Strategic Framework, Co-operatives Strategy and Informal Economy:**

NISED Strategic Framework: Small Business Development (SBD) Portfolio, which is made up of the DSBD, **sefa** and Seda, to own its leadership role in the ecosystem by pushing policies that are in the interest of SMMEs and Co-operatives, which states that the Department must play coordinating, advocacy, and leadership roles.

Co-operative Strategy: The Department's CDSP is intended to support Co-operative enterprises. Through this Programme, the SBD Portfolio will seek to support 250 Co-operatives financially (40) and non-financially (210).

National Informal Business Strategy: Seeks to uplift informal businesses within the informal economy and render support to local chambers, local business associations, municipalities and Local Economic Development offices to deliver and facilitate access to upliftment programmes.

2. **Policy and legislation to create an enabling environment for SMMEs and Co-operatives within which to operate:**

Implement the **SMMEs and Co-operatives Funding Policy** to ensure improvement in access to finance for SMMEs and Co-operatives.

Red-tape Reduction Programme (RTRP): to be implemented in partnership with provinces, ensuring that the growth of SMMEs and Co-operatives is not hindered by the red tape measures that exist in the system.

Monitor and report on the finalisation to the **National Small Enterprise Act** and the **Businesses Act**.

In supporting innovation, digitalisation and modernisation of the State, the SBD Portfolio will review its **Digital Strategy** to ensure continuous innovation within the small enterprise ecosystem.

Report on the number and performance of **Incubation Centres and Digital Hubs** for SMME development.

The Youth Challenge Fund (YCF): a youth start-up support programme intended to stimulate the establishment and growth of youth-owned businesses, promote digital skills, grow the economy and foster job creation. The Department plans to support 10 000 start-up youth businesses financially and/or non-financially.

3. **Township and Rural Revitalisation Policy Framework**

- **Township and Rural Entrepreneurship Programme (TREP):** An initiative by the DSBD and its entities – Seda and sefa.
- **Small Enterprise Manufacturing Support Programme (SEMSP):** To promote and encourage localisation in targeted sectors, the Department, through sefa, in collaboration with the dtic, introduced the SEMSP.

4. **Localisation Policy Framework and Implementation Programme on SMMEs and Co-operatives:**

- Building manufacturing and capacity.
- Imports substitution.
- Products manufactured by the SMMEs.
- **Business Infrastructure:** An environment where small businesses will interact with the market to showcase their product or service offering with the view to transact.
- During the 2024/25 financial year, the Department plans to establish five business infrastructures.

5. **Create the One-stop Shop and Digital Support Toward SMMEs and Co-operatives**

- Implementation of the merger of Co-operatives Banks Development Agency (CBDA), Seda and sefa.
- South African SME partnership on a joint SME Fund between Government and the private sector.

6. Facilitate an increase in the number of **competitive small businesses** with focus on township and rural economies (Report on the support provided to SMMEs with a breakdown on the type of support provided per sector, demographic profile, size, Historically Disadvantaged Individuals known as HDIs, etc.).

In response to the high level of rolling blackouts necessitated for the DSBD and its agencies to develop a programme which will be aligned to the product markets to be built. The sources of power will include Solar, Gas and other sources of power to enable SMMEs to operate optimally.

7. The Portfolio SMMEs and Co-operatives interventions will prioritise WYPWDs to ensure a minimum 40% target for women, 30% for youth and 3% for PWDs.

Public-Private Partnerships

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

Discontinued key activities/activities to be discontinued

There were no discontinued key activities during the year under review.

New or proposed key activities

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

Supply Chain Management

No bids were unsolicited for the year 2023/24 financial year.

The DSBD has systems, policies and processes in place to prevent irregular expenditure.

The Department concluded the recruitment process of the Director: Supply Chain Management, and the post was filled from 1 September 2023.

Gifts and Donations received in kind from non-related parties during 2023/24 financial year

No.	Name of Donor	Description	Estimated Amount (R)
1.	Mauritian Economic Board and ITC workshop, She Trades	Box of chocolates and Bottle of Wine	R 969.00
2.	Bulungula Lodge, Elliotdale (Eastern Cape)	Accommodation and Breakfast	R898
3.	International Finance Corporation	Trip and Accommodation	\$ 4643,68 (Equivalent to R 88985,45)
4.	African Union Annual MSME Forum	Trip and Daily Allowance	R 52 138,80
5.	EDSE Technical Assistance	Monogoose Bag	R300.00
6.	MOC Optometrist	Namaqua Sweet Red Wine 750 ml	R58.00
7.	Wholesale & Retail SETA	Wireless powerbank, airpod and phone stand	R1 102.00
8.	Embassy of Peoples Republic of China	Lindt Chocolates Constantia Wine and Books	R2 295.00
9.	Embassy of Peoples Republic of China	Lindt Chocolates Constantia Wine	R 1 350
10.	Minister of Commerce in Algeria	Sponsorship for Air Flight, Accommodation Ground Transportation	R 21 091.16
11.	Minister of Commerce in Algeria	Sponsorship for Air Flight, Accommodation Ground Transportation	R 21 091.16
12.	Minister of Commerce in Algeria	Sponsorship for Air Flight, Accommodation Ground Transportation	R 21 091.16
13.	Provincial Department of Economic Development in the Eastern Cape	Xhosa Traditional Necklace	R320.00

Exemptions and deviations received from the National Treasury

There were no exemptions approved during the 2023/24 financial year.

Supply Chain deviations approved and concluded for the financial year 2023/24 in line with Instruction Note 3 of 2021/22 amounted to R9.225 million.

Events after the reporting date

Not applicable.

Other

Not applicable.

5.4. Acknowledgement/s or Appreciation

I wish to thank the staff of the DSBD who have all contributed to the work done during the period under review despite the many challenges it presented. The 93 percent achievement recorded for 2023/24 financial year is testament to the dedication of the employees. Significant impact has been made as substantial support was provided to the SMMEs and Co-operatives.

I would also like to thank Minister Stella Ndabeni-Abrahams and the Deputy Minister Jane Sithole for their leadership during 2023/24 financial year. I also wish to thank the former Deputy Minister Dipuo Peters who contributed in leading the Department during the 2023/24 financial year.

Key to driving our mandate are the agencies of the Department, Seda and **sefa**. I wish to extend my sincere appreciation for the contribution made by the CEO of **sefa**, Mr Mxolisi Matshamba and Seda acting CEO, Mr Nkosikhona Mbatha who both vacated these CEO positions shortly after the closure of the 2023/24 financial year.

I also wish to acknowledge the support and contributions of all our key stakeholders: Co-operative Banks Development Agency, Provincial Departments of Economic Development; the Portfolio Committee on Small Business Development; the Select Committee on Trade and Industry, Labour and Employment, Tourism and Small Business Development; and the broader SMMEs and Co-operatives Sectors – your efforts have helped the Department immensely in executing its mandate during the 2023/24 financial year.



Ms Thulisile Manzini

Acting Director-General

Department of Small Business Development

Date: 29 September 2024

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

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

- All information and amounts disclosed throughout the annual report are consistent.
- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part F) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.
- The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.
- In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2024.

Yours faithfully



Ms Thulisile Manzini

Acting Director-General

Department of Small Business Development

Date: 29 September 2024

7. STRATEGIC OVERVIEW

7.1. Vision

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

7.2. Mission

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

7.3. Values

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

8. LEGISLATIVE AND OTHER MANDATES

8.1 Constitutional Mandate

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

The Department of Small Business Development (DSBD) and its public entities derive its primary mandate from the Constitution of the Republic of South Africa, Act 108 of 1996, and in particular⁸:

1. **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.”*
2. **Section 217 – which requires that:**
 - a) *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;*
 - b) *It does not prevent the organs of state from implementing a procurement policy providing for the protection or advancement of persons or categories of persons disadvantaged by unfair discrimination.*

Fully aligned to and arising from the Constitution, the 1995 White Paper⁹ identified the need for a systematic national framework within which the different policies and programmes at national, regional and local level could be coordinated towards the creation of an enabling environment for small enterprises. Given such an enabling environment, it was expected that the millions of Small, Micro and Medium Enterprises (SMMEs) and Co-operatives would willingly accept responsibility for the operation, growth and progress of their enterprise. Therefore, policies need to be in turn informed by the evidence-based research approach with national, regional as well as sectoral developments, considering differences between sectors like manufacturing, tourism or construction, as well as differences between the categories of SMMEs and Co-operatives.

⁸ Republic of South Africa. (1996). The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). Pretoria. Government Printer.

⁹ Republic of South Africa. (1995). White Paper on a National Strategy for the Development and Promotion of Small Business in South Africa; Parliament, 20 March 1995

8.2 Legislative and Policy Mandates

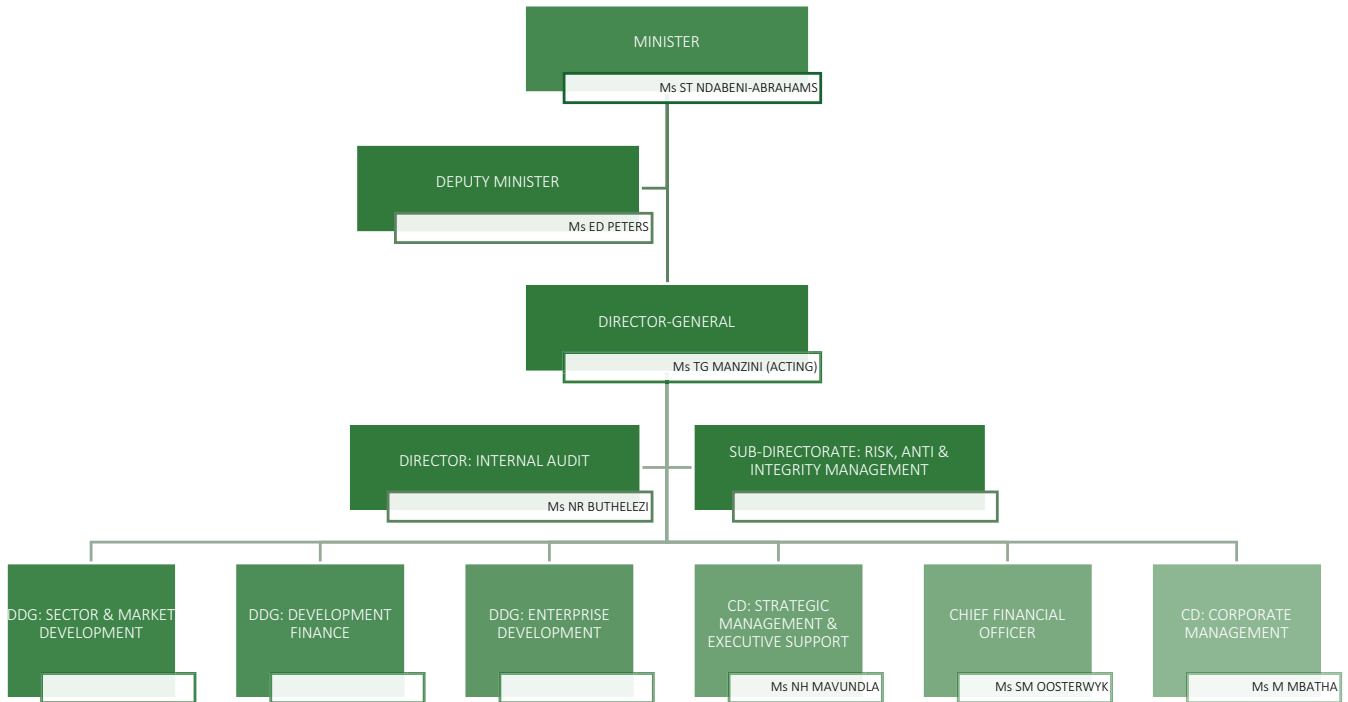
The following is the legislative and policy mandates that the DSBD is directly responsible for implementing, managing or overseeing:

Legislation and Policy	Mandate and Primary Outputs
Businesses Act, 1991 (Act No. 71 of 1991)	To repeal or amend certain laws regarding the licensing and carrying on of businesses, and shop hours; to make certain new provisions regarding such licensing and carrying on of businesses; and to provide for matters connected therewith.
National Small Enterprise Act, 1996 (Act No.102 of 1996), as amended.	To develop, support and promote small enterprises to ensure their growth and sustainability. Seda provides non-financial business development and support services for small enterprises, in partnership with other role-players in the small business development environment.
Section 3(d) of the Industrial Development Corporation Act, 1940 (Act No. 22 of 1940) (IDC Act).	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.
Co-operatives Development Act, 2005 (Act No. 14 of 2005), as amended.	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.
Co-operatives Development Policy for South Africa (2004)	To create an enabling environment for Co-operative enterprises which reduces the disparities between urban and rural businesses and is conducive to entrepreneurship. To promote the development of economically sustainable Co-operatives that will significantly contribute to the country's economic growth. To increase the number and variety of economic enterprises operating in the formal economy. To increase the competitiveness of the Co-operative sector so that it is better able to take advantage of opportunities emerging in national, African and international markets. To encourage persons and groups who subscribe to the values of self-reliance and self-help, and who choose to work together in democratically controlled enterprises and to register Co-operatives in terms of this Act. To enable such Co-operative enterprises to register and acquire a legal status separate from their members. To promote greater participation by black persons, especially those in rural areas, Women, and Persons with Disabilities (PWDs) and youth in the formation of and management of Co-operatives. To establish a legislative framework that will preserve the Co-operative as a distinct legal entity. To facilitate the provision of support programmes that target Co-operatives, specifically those that create employment or benefit disadvantaged groups.
Co-operative Amendment Act, 2013 (Act No. 6 of 2013).	To provide for the establishment, composition and functions of the Co-operatives Tribunal; to ensure compliance with the principles of intergovernmental relations; to provide for intergovernmental relations within the Co-operatives sector; and to provide for the substitution of the long title and the Preamble.

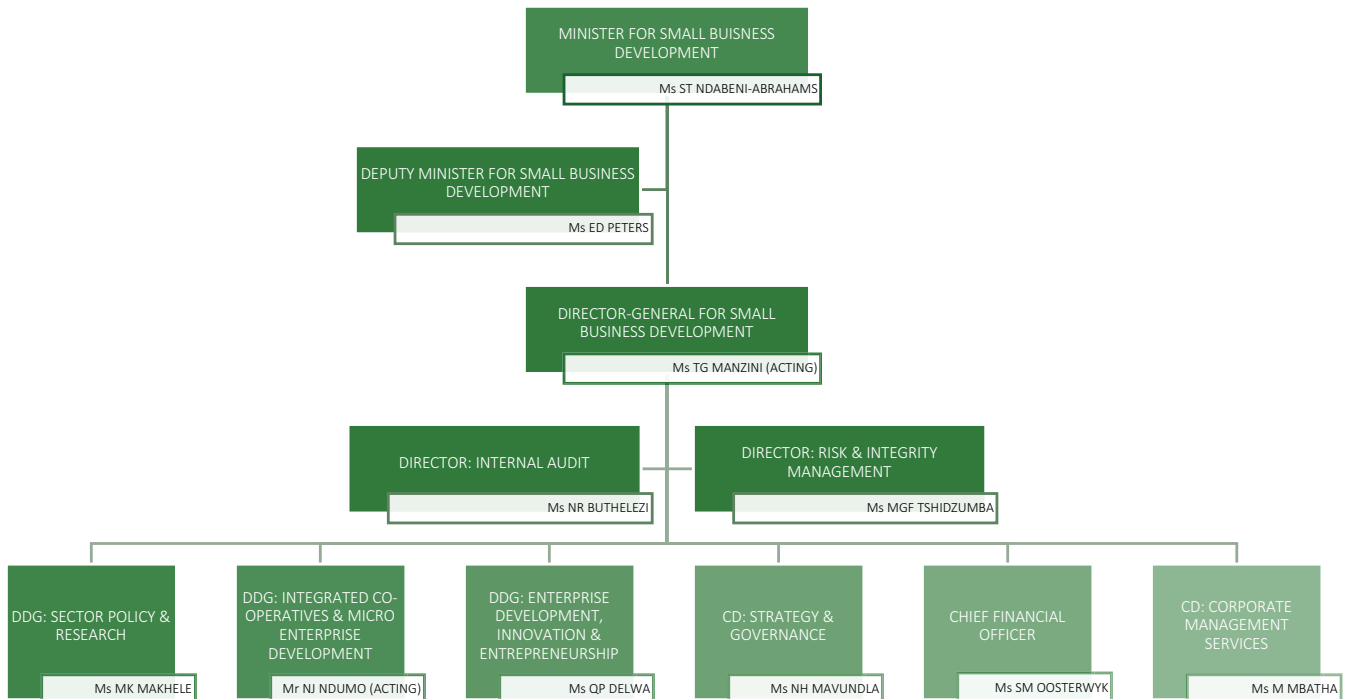
In addition to the above-mentioned Acts, the DSBD is further mandated by Acts not administered by the DSBD, including, among others:

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

9. ORGANISATIONAL STRUCTURE



Note: The Department migrated staff to the approved organisational structure on 1 April 2024 (as reflected below), however, it continued to work on the Budget Structure as reflected above noting that the Budget Structure changed only on 1 April 2024 to align the two structures (budget and organisational structures).



10. ENTITIES REPORTING TO THE MINISTER

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

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
Small Enterprise Development Agency (Seda)	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.	R1 402 946	<ul style="list-style-type: none"> Increased growth and sustainability of township and rural-based SMMEs and Co-operatives. Increased localisation and market penetration by SMMEs and Co-operatives. Integrated and coordinated ecosystem support for SMMEs and Co-operatives. Increased growth and sustainability of SMMEs and Co-operatives. An agile, innovative, excellent and customer centric organisation.
sefa	sefa was established in terms of Section 3 (d) of the Industrial Development Corporation Act, 1940 (Act No. 22 of 1940) and mandated to provide access to finance to Survivalist, Micro, Small and Medium businesses throughout South Africa. sefa supports the development of sustainable SMMEs through the provision of finance.	R681 975	<ul style="list-style-type: none"> Enhanced access to finance by SMMEs and Cooperatives. Enhanced service delivery and stakeholder satisfaction. A financially sustainable organisation. Leveraged strategic assets and capital raising. Sound governance and a high-performance organisation.





PART B

PERFORMANCE INFORMATION

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 145 of the Report of the Auditor-General, published as Part F: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

The Department performance against its revised and re-tabled 2023/24 APP output indicators and targets, is detailed in the tables below. The 2023/24 financial year represented the last year of implementing the revised 2019-24 MTSF and fourth year of implementing the revised Departmental 2020-25 Strategic Plan. The 2023/24 Annual Report outlines the performance of the Department against the revised and re-tabled 2023/24 APP, aligned with the overall strategic direction of the Department.

Standards for Annual Targets Category:

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

Targets were considered to be achieved if 100% of their elements were timeously attained or exceeded and targets in the 0-99% range were considered not to have been achieved. The DSBD achieved 23 (85%) of its set targets, and 4 (15%) of the targets were not achieved.

2.1. Service Delivery Environment

The SMMEs and Co-operatives continue to play a major role as a driver of growth and employment in both developed and developing economies. According to the World Bank, SMMEs represent about 90% of businesses and more than 50% of employment worldwide. Formal SMMEs contribute up to 40% of national income (GDP) in emerging economies. These numbers are significantly higher when informal businesses are included. In emerging markets, most formal jobs are generated by SMMEs, which create approximately 7 out of 10 jobs. However, access to finance is a key constraint to SMME growth and is the second most cited obstacle facing SMMEs to grow their businesses in emerging markets and developing countries³.

Access to finance is one of the key obstacles that the South African democratic government identified and put measures in place to address. These measures include the establishment of a Department that focuses solely on the development of small businesses in 2014. The Department is mandated to support SMMEs, Co-operatives as well as the informal sector, which have been identified as key drivers of job creation and poverty alleviation directed towards the historically disadvantaged groups.

The National Development Plan, Vision 2030, is aimed at harnessing the potential of SMMEs, Co-operatives and the informal sector, and sets specific goals for the small business sector as follows:

- To enhance economic growth through SMMEs and Co-operatives as assessed through an increased contribution by the sector to GDP.
- To enhance economic growth through SMMEs as assessed through an increased contribution by the sector to GDP.

³ <https://www.worldbank.org/en/topic/sme/finance>

- To create 9 million of South Africa's 11 million needed jobs by 2030 through the SMME sector, and so contribute to reducing the unemployment rate to 6%.
- To reduce the cost of regulatory compliance and promote ease of doing business for SMMEs and ensure policy coherence through partnerships among for SMMEs and ensure policy coherence through partnerships among key societal players, business and government.

However, it is recognised that in South Africa, the majority of SMMEs and Co-operatives are concentrated at the lower end of the enterprise development spectrum and face additional challenges, including:

- Lack of access to finance and poor profitability, which account for the main reasons for business discontinuance.
- Inadequate collateral on the part of the entrepreneur, a lack of credit history, the inability to produce an acceptable business plan according to financial institutions, poor market research and the absence of a viable business idea.
- Lack of access to vibrant markets, which become one of the fundamental requirements to accessing funding and mentorship at early stages. Notably, small businesses located in rural areas are at a disadvantage compared to their urban counterparts.
- Restrictive labour laws, which are identified as a significant regulatory obstacle to entrepreneurship and low skills business growth, particularly when it comes to hiring and firing staff.
- Inadequate access to ICT and communication infrastructure, utilities and transport, land or space at affordable prices, which is instrumental to supporting new businesses.
- Inadequate support for building Research and Development (R&D) capacity among SMMEs, which could help in transforming ideas into sustainable businesses.
- Lower levels of entrepreneurship and low skills level in enterprise, financial and business management by SMMEs and Co-operatives.

While addressing these challenges might seem a daunting task, the Department has already made significant strides in ensuring that SMMEs and Co-operatives are accorded their rightful space and voice within the South African economy.

During the current administration, the Department was assigned a responsibility to ensure that at least 50% of funding instruments of national and provincial Development Finance Institutions (DFIs) are dedicated to SMMEs and Co-operatives through establishment of the SMMEs and Co-operatives Funding Policy. During the year under review, the DSBD in line with its mandate has embarked on the process of finalising the first South African SMMEs and Co-operatives Funding Policy to create an enabling environment to support formation, expansion and maintenance of existing small businesses. The SMMEs and Co-operatives Funding Policy is aimed at:

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

As part of the SMMEs and Co-operatives Funding Policy development process, an implementation plan was generated to guide its operationalisation by outlining practical steps on how to implement the Policy, identifying the role players to be involved in various initiatives, managing the anticipated risks and mitigating factors, and communicating the intended outcomes of the Policy.

The implementation of the SMMEs and Co-operatives Funding Policy is expected to eliminate issues related to lack of coordination on SMMEs and Co-operatives funding support programmes, double dipping and ecosystem fragmentation.

The period under review has been challenging for the Department at an operational level. On 31 August 2023, the Government introduced Cost Containment Measures to assist national departments, public entities and provinces to close fiscal gap. This was due to deteriorating revenue collection and funding conditions since the tabling of the 2023 Budget. The tax revenue under collection has worsened, already

resulting in a lower projection of the revenue estimate for the 2023/24 financial year. Funding performance through the debt market has also been poorer than anticipated over the past few months. The Department had to adapt to these Cost Containment Measures. This has resulted in unprecedented challenges for the Department in implementing the organisational structure due to cost containment measures and sustained high workloads throughout 2023/24 financial year. This was further necessitated by the special adjustment budget, which reduced the budget of the Department and led to reprioritisation of funds and re-tabling of the 2023/24APP.

The Department of Planning, Monitoring and Evaluation (DPME) also assessed the alignment of the Priorities Ministers' Performance Agreements with the tabled 2023/24 APPs. The assessment indicated the extent of alignment between the tabled 2023/24 APPs and the Ministers' Priorities that were finalised between the Ministers and the President following the tabling of the 2023/24 APPs. The Departments, including the DSBD, were required to ensure that the APPs include all the indicators in the Ministers' Priorities so that they can be implemented, monitored, and reported on. This led to revision and re-tabling of the DSBD 2023/24 APP. The affected targets included the SMMEs and Co-operatives exposed to global market opportunities, which was reduced from 250 to 200, and the Township and Rural Enterprises supported financially and/or non-financially was reduced from 30 000 to 20 000.

During the year under review, the Department together with its entities continued to support township and rural-based SMMEs and Co-operatives. The Township and Rural Entrepreneurship Programme (TREP), which is a dedicated programme aimed at providing financial and/or non-financial support to the township and rural enterprises with emphasis on enterprises owned and managed by the designated groups (Women, Youth and PWDs), is implemented through **sefa** and Seda, who provide financial and non-financial support, respectively.

2.2. Service Delivery Improvement Plan

The Department has completed an Service Delivery Improvement Plan (SDIP). The tables below highlight the service delivery plan and the achievements up to the end of 2023/24 financial year.

Main services and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Township and Rural Enterprises supported financially and/or non-financially.	Stakeholders: The general public, Small businesses, cooperatives, informal businesses, Seda, sefa , as well as staff of the DSBD.	Financial support to township and rural enterprises with a threshold – ranging from R2 000 to R350 000 (with maximum grant of R50 000 for the R350 000 financial packages).	Financial support to all township and rural enterprises structured at a maximum value of R1 000 000, offered in the form of a blended finance with 50% of the total approved amount being a grant i.e, maximum grant amount of R100 000.	During 2023/24 Financial Year the Department (through its agencies) has supported 20 509 SMMEs and Co-operatives through the TREP programme.
Competitive Small Businesses with a special focus on township and rural enterprises supported.		Facilitate 25 000 competitive small businesses with a special focus on township and rural enterprises.	Facilitate 35 000 competitive small businesses with a focus on township and rural enterprises.	During the period under review 50 077 Competitive SMMEs and Co-operatives were supported.

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

Current/actual arrangements	Desired arrangements	Actual achievements
Due to the COVID-19 lockdown regulations that the Department has to adhere to, different approaches are being taken to reach beneficiaries. The Department utilises its call centre services, website and its social media pages effectively to engage with stakeholders and beneficiaries.	It will depend on the level of COVID-19 lockdown regulations that the Department has to adhere to. To reach beneficiaries, the Department and its agencies will continue to utilise its call centre services, website and its social media pages effectively to engage with stakeholders and beneficiaries.	All clients and beneficiaries have obtained continuous equal access to the services offered by the Department. The Department's call centre services, website and its social media pages have proven to be effective tools to engage with stakeholders and beneficiaries.
Information is shared through the Department's call centre and all official media pages to effectively engage with stakeholders and beneficiaries. Website: www.dsbd.gov.za Email: info@dsbd.gov.za Call centre number: 0861 843 384	Information shared through the call centre and all official media pages to effectively engage with stakeholders and beneficiaries. Provision of a step-by-step process to be followed when accessing information on the website. Website: www.dsbd.gov.za Email: info@dsbd.gov.za Call centre number: 0861 843 384	Clients and beneficiaries who enquire about the department's programmes have been effectively given full, accurate, consistent and user-friendly information through the department's info email: info@dsbd.gov.za and the call centre on: Call centre number: 0861 843 384
The call centre receives and registers all queries or complaints. Queries and complaints are dealt with immediately by the call centre or escalated to the relevant business unit. All queries and complaints are resolved within 72 hours.	100% (all service points) clearly outlined complaints mechanisms in place Resolution turn-around time met: 100% success rate on complaints management with the following breakdown: 100% acknowledgement rate of receipt within two days. 100% feedback on progress made after every three working days. The call centre receives and registers all queries or complaints. Queries and complaints are dealt with immediately by the call centre or escalated to the relevant business unit. All queries and complaints are resolved within three days. If physical contact is allowed, the Department arranges a meeting with a dissatisfied beneficiary to resolve the matter within 48 hours.	100% acknowledgement rate of receipt of queries within two days. 80% Feedback on progress has been made after every three working days. The call centre receives and registers all queries or complaints. Queries and complaints have been dealt with immediately by the call centre or escalated to the relevant business unit. All queries and complaints have been resolved within three days.
Hybrid public information sharing engagements on various interventions of the Department. These include consultative engagements, workshops, webinars, and public participation engagements conducted in municipalities across the country within all 44 districts.	Hybrid public information sharing engagements on various interventions of the Department. These include consultative engagements, workshops, webinars, and public participation engagements conducted in municipalities across the country within all 44 districts.	During the period under review, the Department and its agencies conducted 89 public engagements in various district municipalities.

Current/actual arrangements	Desired arrangements	Actual achievements
Due to the COVID-19 lockdown regulations, there were no physical walk-ins recorded at the Department. However, information regarding applications is made available on the SMMESA portal, which is an online tool. The Department also has social media platforms in which the beneficiaries can engage the Department on any matters regarding the service.	Walk-ins (depending on the Covid-19 lock-down level) at the Department as well as at Seda and sefa regional offices. Information regarding applications is made available on the website. Information regarding applications is made available on the SMMESA portal, which is an online tool. The Department also has social media platforms in which the beneficiaries can engage the Department on any matters regarding the service.	Walk-ins are welcome at Seda and sefa offices. Applications may be submitted physically or online. The same screening process is followed. Information regarding applications is made available on the website. Information regarding applications is made available on the SMMESA portal, which is an online tool. Performance information published in the performance reports. The Department also has social media platforms in which the beneficiaries can engage the Department on any matters regarding the service.
On-line applications, beneficiaries do not have to incur transport costs. The programme offerings improve productivity of the beneficiaries.	On-line applications, beneficiaries do not have to incur transport costs. The programme offerings improve productivity of the beneficiaries.	On-line applications are accepted and assessed for funding approval.

Service delivery information tool

Current/actual information tools	Desired information tools	Actual achievements
Information is shared through the Department's call centre and all official media pages to effectively engage with stakeholders and beneficiaries. Website: www.dsbd.gov.za Email: info@dsbd.gov.za Call centre number: 0861 843 384	The beneficiaries are given full, accurate, consistent and user-friendly information through performance information reports. Information will be shared through the call centre and all official media pages to effectively engage with stakeholders and beneficiaries. Provision of a step-by-step process to be followed when accessing information on the website. Website: www.dsbd.gov.za Email: info@dsbd.gov.za Call centre number: 0861 843 384	Clients and beneficiaries who enquire about the department's programmes have been effectively given full, accurate, consistent and user-friendly information through the department's info email: info@dsbd.gov.za and the call centre on: Call centre number: 0861 843 384

Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
The call centre receives and registers all queries or complaints. Queries and complaints are dealt with immediately by the call centre or escalated to the relevant business unit. All queries and complaints are resolved within 72 hours.	100% (all service points) clearly outlined complaints mechanisms in place. Resolution turn-around time met: 80% success rate on complaints management with the following breakdown: 100% acknowledgement rate of receipt within two days. 80% Feedback on progress made after every three working days. The call centre receives and registers all queries or complaints. Queries and complaints are dealt with immediately by the call centre or escalated to the relevant business unit. All queries and complaints are resolved within three days.	100% acknowledgement rate of receipt of queries within two days. 80% Feedback on progress has been made after every three working days. The call centre receives and registers all queries or complaints. Queries and complaints have been dealt with immediately by the call centre or escalated to the relevant business unit. All queries and complaints have been resolved within three days.

2.3 Organisational environment

In the second quarter of 2023/24, the Director-General of the DSBD was transferred to The Presidency. In July, an Acting Director-General, from outside DSBD, was appointed. In the same quarter, one Deputy Director-General (DDG) was appointed, following by an appointment of a second DDG in the third quarter of the financial year under review. One DDG position remained vacant at the end of the 2023/24 financial year. This meant that two out of four strategic and top management positions were filled. The Department intends to complete the remaining two (DG and DDG) positions, within the 2024/2025 fiscal year. A further eight SMS positions were in support roles such as finance, corporate management, and executive support were also filled.

In pursuit of fostering a stable and agile work environment, the Department persistently executed the approved Departmental structure, introducing 88 new positions and addressing existing vacancies. The Department has made significant strides in reducing the vacancy rate from 35.5% to 23.7% since 1 April 2023, marking an 11.8% decrease during the reporting period.

Key strategies for attracting and recruiting were undertaken, including the procurement of service providers to assist in response handling and personnel suitability checks, which reduced workload during the recruitment and selection process. These providers aided the Department in finding and sourcing the best applicants for certain posts.

In order to achieve a representative and diverse workforce, the Department has maintained the representation of women in senior management positions above 50%, reaching 53.7% representation by the end of the reporting period. In the first year of implementing the recruitment strategy for persons with disabilities, the Department has increased PWDs representation to 3.7%. However, increasing the representation of youth remains a challenge, with youth employment only reaching 22.8%.

The Department enhanced internal skills and capabilities through focused training interventions in areas such as business communication, leadership development, knowledge management, policy development, and change management. Additionally, allocated bursaries aligned with relevant fields like public administration, risk management, finance, and development studies, with R2.3 million spent on bursaries and R983 thousand on training initiatives.

The Department sustained improved performance management practices during the reporting period with a small number of recorded cases of non-compliance registered in respect of the submission of performance agreements and was once more able to successfully conclude all moderations and processing of outcomes during the financial year under review.

The appointment of Lyra Health (Service Provider) as the counselling and organisational enhancement service provider for the Department has seen employees taking up the utilisation of services offered by service provider in improving the employee's quality

of work life towards creating an environment that facilitates a holistic growth and wellness of the DSBD employees.

Challenges persist in implementing the organisational structure due to cost containment measures and sustained high workloads. Additionally, there are difficulties in enhancing youth representation and addressing compensation levels for specialised areas, making recruitment challenging. Turnaround times in the recruitment and selection process are hampered by workload levels, and there are budgetary constraints concerning the use of service providers.

With a compensation budget of R225.1 million for 2023/24 financial year, projected to increase to R262.8 million by 2025/26 financial year, the unexpected 7.5% cost of living adjustment in April 2023 and the anticipated 4.7% adjustment for 2024 would limit the Department to filling only 315 out of 357 posts to stay within the medium-term compensation budget, without additional funding.

Future plans entail the improvement of working environment and condition, training to enhance employees' skills and knowledge, emphasis in leadership development and governance. The Department will also focus on business process improvement, organisational functionality assessment, and evaluating the implemented structure.

2.4. Key policy developments and legislative changes

The adopted Public Service Amendment Regulations of 2023 had little impact on the General Conditions of Employment, notably on employment additional to establishment and the shorter duration required to fill vacancies.

- The employment of a person additional to the establishment shall not exceed 12 calendar months, including any extended or renewed time, and this amendment no longer allows departments to request an extension from the Minister of Public Service Administration.
- Departments are now required to fill all funded vacant posts within eight months after becoming vacant, as opposed to the previous recommended 12 months period.

3. ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The Department made significant progress towards achieving its five-year targets in relation to the outcome indicators in order to realise its medium-term outcomes and long-term Impact Statement and contribute towards the revised 2019-24 MTSF targets. The Department's Impact Statement is to ensure that the SMMEs and Co-operatives are sustainable and contributing meaningfully to the economy. In order to realise its Impact Statement, the Department has seven outcomes to be achieved over the medium-term period. These are:

Outcome One: Improved Governance and Compliance

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

The Department received its second unqualified audit opinion with no material findings on Annual Financial Statements and its third unqualified audit opinion with no material findings on performance information. The implementation of the audit action plan that is monitored on a quarterly basis enabled the team to curtail repeat findings. The Department continues to work diligently towards maintaining its audit outcome, including improving on the non-material findings. The Department has achieved its five-year target which stated that it needed to ensure that it obtains Unqualified Audit Opinions for both financial and nonfinancial performance data. Additionally, the five-year target for the Administration Programme was to ensure that creditors are paid within 30 days and less than or equal to 5% variance on the annual budget is maintained. During the year under review, the Department continued to pay 100% of valid creditors within 30 days and registered 0.75% variance on the annual budget.

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

In an effort to ensure that Department, together with its entities (Seda and **sefa**), business process and ecosystem partners systems are improved, integrated and streamlined, the Department continued provide support to municipalities to roll out the Red-Tape Reduction Awareness Programme. Through this Programme, the Department supported 55 municipalities to roll out the Red-Tape Reduction Awareness Programme. The Programme is primarily aimed at raising awareness, capacity building and commissioning research that: a) Helps identify sources of red tape that affect small business and Co-operatives at both a national and local levels. b) Monitors and evaluates impact that the Department's awareness raising, and capacity building have on municipalities in terms of addressing red tape reduction on the implicated procedures and policies; and c) Investigates sectors and sub-sectors wherein the influence of red tape is unpacked in order to develop strategies and interventions that circumvent the negative effects of red tape.

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

The Department continued to implement SMMEs-focused Localisation Policy Framework that was adopted by Cabinet in 2020/21 financial year. To date, a total of 1 092 products produced by SMMEs and Co-operatives have been linked or introduced to domestic markets through working relationships with large retailers and wholesalers across the country. This achievement is against a five-year target of 1 000 products.

To drive localisation, the Department designed a focused Small Enterprise Manufacturing Support Programme aimed at building and supporting SMMEs participating in the manufacturing value chain. The purpose of the SEMSP is to build a manufacturing sector for an improved industrial base through a focused import replacement programme and build the industrial base for both the domestic market and external market. The Programme aims to contribute to South Africa's localisation strategy. As at 31 March 2024, since inception in 2020, SEMSP disbursements amounted to R642.7 million, which was disbursed to 104 SMMEs, assisting in facilitating 4 488 jobs.

In order to ensure that the outcome is realised during the medium-term period, the Department also set itself an annual target of supporting 200 SMMEs and Co-operatives exposed

to global market opportunities. At the end of the financial year under review, 627 SMMEs and Co-operatives were exposed to global market opportunities. The Department is continuing to intensify its efforts, working towards realising its outcome to increase participation of women, youth and PWDs, SMMEs and Co-operatives in the domestic and international markets.

The Department successfully concluded the formalisation of the collaboration with Proudly SA through the signing of a Memorandum of Agreement (MoA) in February 2024. The signing of the MoA paved a way for the co-hosting of the Buy Local Summit and EXPO in Sandton on 25 – 26 March 2024. The MoA also committed to the inclusion of no less than 100 small enterprises per annum in the localisation and buy local campaigns at National and Provincial levels.

The theme of the Summit and EXPO was "Localisation: An inclusive approach for all sectors of society to contribute to economic growth and job creation." Eight DSBD-supported SMMEs and two DSBD-supported Co-operatives participated at the EXPO by showcasing their products. Further to this, the ten SMMEs and Co-operatives will be supported to become members of Proudly SA so that they can access various other benefits by being members. Panel discussions and workshops were also useful platforms to provide crucial information to small enterprises.

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

The revised 2019-24 MTSF has set the SBD Portfolio a target to establish 100 incubators by 2024. At the end of 2023/24 financial year, through Seda, 110 incubation centres have been established across 15 economic sectors in nine provinces. During the reporting period, these incubation centres created 1 176 jobs, supporting over 3 803 SMMEs.

An impact evaluation of the Incubation Support Programme was conducted during the year under review and improvement plan was approved by the DSBD EXCO. During the 2023/24 financial year, the Department also monitored the Incubation Support Programme Improvement Plan and produced two monitoring reports on the Incubation Support Programme improvement plan, which were also approved by the DSBD EXCO.

Outcome Five: Reduced regulatory burdens for small enterprises

Consulting the public on the Businesses Amendment Bill and proposed changes contributed to the overall departmental mandate and medium-term goal of reducing regulatory burdens for small enterprises. Through this legislation, the Department aims to provide a simple and enabling framework for procedures for the application of licensing of business by setting national norms and standards; and also, to repeal the Businesses Act of 1991. For the 2023/24 financial year, the Department planned to conduct public consultations to amend the Businesses Amendment Bill and the proposed inputs and amendments and be submitted to Minister for introduction to Parliament. However, the Businesses Amendment Bill was not submitted to the Minister for introduction to Parliament. This is due to the Department receiving conditional certification from OCSLA, indicating that the Department can proceed to submit the Bill to Cabinet only after attending to and re-drafting a number of clauses.

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

Following the National Review of the Integrated Strategy for the Promotion of Entrepreneurship and Small Enterprise Development, the NISED was developed, approved and proclaimed at the National Small Enterprise Support Strategy as per the National Small Enterprise Amendment Act, Act 102 of 1996.

A monitoring and implementation framework, as well as an action plan for the implementation and rollout of NISED, was developed and approved. Stakeholder consultations with all provinces, except the Western Cape (was consulted during Provincial Coordinating Forum) was concluded. Consultations were also held with the Department of Cooperative Governance and Traditional Affairs (COGTA). Recommendations and inputs from stakeholder consultations were consolidated in a report covering each of the four NISED pillars (Outcomes). These recommendations were discussed with Branch heads to obtain their support.

A report covering provincial support interventions per output under each of the NISED pillars were also prepared. The report will assist and guide the development of agreed sector indicators.

Given the importance of partnership in the attainment of NISED objectives, as well as stakeholder support on the implementation of recommendations to strengthening the implementation and rollout of NISED, as well as the hosting of the second Small Enterprise Summit, it was agreed to host a stakeholder workshop during 2024/25 financial year. This workshop is planned to a) Validate the updated partnership framework. b) Solicit support for the recommendations and interventions to strengthen the rollout and implementation of NISED. c) To finalise a draft- concept document for the hosting of the second Small Enterprise Summit.

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

During the year under review, the Department was assigned a responsibility to ensure that at least 50% of funding instruments of national and provincial Development Finance Institutions (DFIs) are dedicated to SMMEs and Co-operatives through establishment of the SMMEs and Co-operatives Funding Policy.

The DSBD, in line with its mandate, is in the process of finalising the first South African SMMEs and Co-operatives Funding Policy and its implementation plan. The Policy is aimed at creating an enabling environment to support formation, expansion and maintenance of existing small businesses. The SMMEs and Co-operatives Funding Policy is further aimed at:

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

The implementation of the SMMEs and Co-operatives Funding Policy is expected to eliminate issues related to lack of coordination on SMMEs and Co-operatives funding support programmes, double dipping and ecosystem fragmentation. The draft SMMEs and Co-operatives Funding Policy was subjected to stakeholder consultations in April 2022. The draft SMMEs and Co-operatives Funding Policy was approved by Cabinet for public comments in March 2023. The SMMEs and Co-operatives Funding Policy was gazetted for public comments in April 2023. In May 2023, all comments received were analysed and incorporated into the final SMMEs and Co-operatives Funding Policy.

As part of the SMMEs and Co-operatives Funding Policy development process, an implementation plan was generated to guide its operationalisation by outlining practical steps on how to implement the Policy, identifying the role players to be involved in various initiatives, managing the anticipated risks and mitigating factors, and communicating the intended outcomes of the Policy.

The Township and Rural Entrepreneurship Programme:

This is a dedicated programme to provide financial and/or nonfinancial support to the township and rural enterprises with emphasis on enterprises owned and managed by the designated groups (Women, Youth and PWDs). The

Department implements TREP through **sefa** and Seda, who provide financial and non-financial support, respectively.

During the period under review, 20 509 township and rural enterprises were supported financially and/or non-financially, bringing the total to 89 311 township and rural enterprises supported up to the end of 2023/24 financial year, since inception of TREP in 2020.

With regards to the youth support, the SBD Portfolio provided financial and/or non-financial to 18 843 start-up youth businesses during the period under review, against the revised 2019-24 MTSF target of 10 000 start-ups youth businesses supported per annum.

The Department is facilitating the increase in number of competitive small businesses and Co-operatives supported. Competitive SMMEs and Co-operatives are defined as SMMEs and Co-operatives supported financially and/or non-financially with the ability to create or sustain jobs. During the period under review, the Department supported a total of 50 077 competitive SMMEs and Co-operatives through the Seda and **sefa's** non-financial and financial instruments. As at the end of 2023/24 financial year, since Programme's inception, the Department supported a total of 182 649 competitive small businesses and Co-operatives.

4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

4.1. Programme 1: Administration

4.1.1. Purpose

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

4.1.2. Sub-programme and purpose

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

4.1.3. Institutional Outcomes

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

4.1.4. PROGRAMME ONE: ADMINISTRATION PERFORMANCE AGAINST THE ORIGINALLY TABLED 2023/24 ANNUAL PERFORMANCE PLAN

Table 4.1.4.1. Programme one: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Programme One: Administration									
Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	*Actual Achievement 2023/2024 until 16 October 2023	Deviation from planned target to Actual Achievement 2023/24	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Improved Governance and Compliance.	<10% vacancy rate.	Percentage vacancy rate in funded permanent posts.	Target Not Achieved: 16.2% vacancy rate in funded permanent posts.	Target Not Achieved: 10% vacancy rate in funded permanent posts.	<10% vacancy rate in funded permanent posts.	Target Not Achieved: 32.1% vacancy rate in funded permanent posts.	22.1% vacancy rate in funded permanent posts.	<ul style="list-style-type: none"> 8 new posts were created in the Q2. Increasing the number of newly created posts from 80 to 88 in line with the annual implementation of the structure plan. 6 Terminations. 2 promotions. 	Output / Output indicator / Annual Target was revised to be measured on an annual basis.
	≥5% representation of PWDs.	Percentage representation of PWDs.	Target Achieved: 3.8% representation of PWDs.	Target Not Achieved: 3.3% representation of PWDs.	≥5% representation of PWDs.	Target Not Achieved: 3.3% representation of PWDs.	1.7% representation of PWDs.	No new appointments of PWDs, while the headcount increased by 6 employees.	Output / Output indicator / Annual Target was revised to be measured on an annual basis.

Programme One: Administration									
Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	*Actual Achievement 2023/2024 until 16 October 2023	Deviation from planned target to Actual Achievement 2023/24	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Improved integrated and streamlined business processes and systems.	Phase 6: SMME Database implemented.	SMME Database - SMME Business Licensing and Centralised Permit System developed and approved by EXCO.	Target achieved: Phase 3: SMME Database – Key Trade Exchange Platform integrated and enhanced reporting implemented.	Target not achieved: Phase 4: SMME Database - SMME Business Index to identify levels of readiness and capability of small enterprises was not implemented.	Phase 6: SMME Database – Business Licensing and Centralised Permit System developed and approved by EXCO.	Target Not Achieved: Phase 6: SMME Database – Business Licensing and Centralised Permit System was not developed and approved by EXCO.	Phase 6: SMME Database – Business Licensing and Centralised Permit System was not developed and approved by EXCO.	No budget was available to continue with the implementation of Phase 6.	Output / Output indicator / Annual Target was removed from the APP because there was no budget.
				Target not achieved: Phase 5: SMME Database - Small Enterprises Credit Scoring and Rating System to facilitate access to finance was not implemented.					

4.1.5 PROGRAMME ONE: ADMINISTRATION PERFORMANCE AGAINST THE REVISED AND RE-TABLED 2023/24 ANNUAL PERFORMANCE PLAN

4.1.5.1. Programme one: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Programme One: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	**Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/24	Reasons for deviations
1. Improved Governance and Compliance.	1.1 Unqualified audit outcome for the Department.	a) Unqualified audit outcome on non-financial performance information obtained.	Target Achieved: Unqualified audit outcome for the Department for 2020/21 Financial Year.	Target Achieved: Unqualified audit outcome on non-financial performance information for 2021/22 financial year.	Unqualified audit outcome on non-financial performance for 2022/23 financial year.	Target Achieved: Unqualified audit outcome on non-financial performance information for 2022/23 financial year.	N/A	N/A
		b) Unqualified audit outcome on Annual Financial Statements obtained.	Target Achieved: Unqualified audit outcome on Annual Financial Statements for 2020/21 financial year.	Target Achieved: Unqualified audit outcome on Annual Financial Statements for 2021/22 financial year.	Unqualified audit outcome on Annual Financial Statements for 2022/23 financial year.	Target Achieved: Unqualified audit outcome on Annual Financial Statements for 2022/23 financial year.	N/A	N/A
	1.2. Payment register.	% of valid creditors paid within 30 days.	Target Not Achieved: 99.8% of valid creditors were paid within 25 days.	Target Achieved: 100% of valid creditors were paid within 30 days.	100% of valid creditors paid within 30 days.	Target Achieved: 100% of valid creditors were paid within 30 days.	N/A	N/A
	1.3 ≥95% expenditure on annual budget.	% Variance on annual budget.	Target Achieved: 0.9% variance on annual budget.	Target Achieved: 0.75% variance on annual budget.	≤5% variance on annual budget.	Target Achieved: 1.8% variance on annual budget.	N/A	N/A

Programme One: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	**Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/24	Reasons for deviations
	1.4 5% reduction in vacancy rate towards filling the approved organisational structure.	% reduction in vacancy rate towards filling the approved organisational structure.	Target Not Achieved: 16.2% vacancy rate in funded permanent posts.	Target Not Achieved: 10% vacancy rate in funded permanent posts.	5% reduction in vacancy rate towards filling the approved organisational structure.	Target Achieved: 11.8% reduction in vacancy rate towards filling the approved organisational structure.	N/A	The over-achievement of 11.8% was due to effectiveness and efficiency of systems and processes that were put in place i.e. the implementation of the recruitment plan, frequent follow-ups with the DPSA regarding concurrence matters on filling of vacancies and the additional HR Practitioners (contractors) that were appointed to assist with recruitment.
	1.5 ≥ 50% female in SMS employed.	Percentage of female SMS representation.	Target Not Achieved: 47.1% of female SMS representation.	Target Achieved: 51.5% of female SMS representation.	≥ 50% of female SMS representation.	Target Achieved: 53.7% of female SMS representation.	N/A	N/A
	1.6 ≥3% representation of PWDs.	Percentage representation of PWDs.	Target Achieved: 3.8% representation of PWDs.	Target Not Achieved: 3.3% representation of PWDs.	≥3% representation of PWDs.	Target Achieved: 3.7% representation of PWDs.	N/A	N/A

Programme One: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	**Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/24	Reasons for deviations
	DSBD and its Agencies' public engagement programmes implemented within District Municipalities.	Number of DSBD and its Agencies' public engagement programmes implemented within District Municipalities.	Target Achieved: 82 DSBD and its Agencies' public engagement programmes implemented in District Municipalities.	Target Achieved: 135 DSBD and its Agencies' public engagement programmes implemented within District Municipalities.	90 DSBD and its Agencies' public engagement programmes implemented within District Municipalities.	Target Achieved: 110 DSBD and its Agencies' public engagement programmes implemented within District Municipalities.	N/A	In addition to public engagement programmes that were initiated by the Department and its agencies, several external invitations were received from strategic Government Departments (National, Provincial and Local) and other key stakeholders to engage the public on the Programmes offered by the Small Business Development Portfolio (DSBD, Seda and sefa).

During the year under review, the Departmental Management (Office of the DG) sub-programme continued to provide strategic leadership, management, and support services to the entire Department of Small Business Development. The sub-programme was also entrusted in 2023/24 financial year with obtaining unqualified audit outcome on performance information. The sub-programme exceeded this target by achieving a clean audit outcome on performance information for the third consecutive financial year.

The Financial Management sub-programme administers compliance with all relevant financial statutes and regulations, the most important of which is the PFMA (1999), by providing strategic leadership and advice on supply chain, financial and asset management-related services to the Department. During the year under review, the Financial Management sub-programme achieved 100% of the targets that it is responsible for in the 2023/24 APP. These comprised the processing of 11 651 invoices worth R73.4 million on an average of six days, facilitating timely access to cash flow, which is critical in sustaining enterprises and obtaining an unqualified audit opinion on the 2022/23 Annual Financial Statements. Furthermore, the Department was able to spend R2.485 billion (98.2%) of the final budget of R2.529 billion. The Department has not incurred any fruitless and wasteful expenditure for the year under review.

The Corporate Services sub-programme role was to provide enterprise-wide services comprising of human resources, legal services, learning and development and transformation policy and coordination, security management, facilities management, communication and ICT. Four (4) Annual Performance Plan (APP) targets were planned for the 2023/2024 financial year and all four (100%) of these targets have been met and are detailed in the reporting grid above. Corporate Services set out to ensure that 5% reduction in vacancy rate towards filling the approved organisational structure, whilst ensuring representation of women in SMS at 50% or above and increasing employment of PWDs to 3% or more. Department closed the reporting period with female representation at SMS at 53.7%; 11.8% reduction in vacancy rate towards filling the approved organisational structure and employment of PWDs at 3.7%.

4.1.5. Linking performance with budgets

Sub-programme expenditure

Sub- Programme Name	2023/2024			2022/2023		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Ministry	38 304	36 838	1 466	34 924	32 191	2 733
Departmental Management (Office of the DG)	33 460	32 713	747	31 041	29 567	1 474
Corporate Services	40 842	38 902	1 940	31 793	29 722	2 071
Financial Management	22 974	19 679	3 295	19 918	18 138	1 780
Total	135 580	128 131	7 449	117 676	109 619	8 057

Annual expenditure for Programme One: Administration amounted to R128.1 million (94.5%) against the final appropriation of R135.6 million, resulting in an under expenditure of R7.4 million (5.5%). Compensation of Employees contributed R6.9 million to the underspending largely due to vacancies.

The main cost drivers on expenditure for Programme One are Compensation of Employees at R81.2 million and Goods and Services at R42.9 million. The drivers on Goods and Services expenditure are travel and subsistence (R17.2 million), operating leases for office accommodation (R10.2 million), audit costs (R3.4 million), Fleet services (R2.2 million), Property payments (R1.5 million), Operating payments (R1.5 million), Bursaries (R1.4 million), and Consultants (R1 million).

4.1.6. Strategy to overcome areas of under performance

Not applicable to the Administration Programme.

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

Not applicable to the Department.

4.2. Programme 2: Sector and Market Development

4.2.1. Purpose

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

4.2.2. Sub-programme and purpose

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

4.2.3. Institutional Outcomes

- Increased participation of SMMEs and Co-operatives in domestic and international markets.
- Scaled-Up and coordinated support for SMMEs, Co-operatives, Village and Township Economies.
- Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.
- Reduced regulatory burdens for small enterprises.

4.2.4. Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

4.2.4 PROGRAMME TWO: SECTOR AND MARKET DEVELOPMENT PERFORMANCE AGAINST THE ORIGINALLY TABLED 2023/24 ANNUAL PERFORMANCE PLAN

Table 4.2.4.1 Programme Two: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Programme Two: Sector and Market Development									
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	*Actual Achievement 2023/2024 until 16 October 2023	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Increased participation of SMMEs and Co-operatives in domestic and international markets.	SMMEs and Co-operatives exposed to global market opportunities.	Number of SMMEs and Co-operatives exposed to global market opportunities.	Target Achieved: 242 SMMEs and Co-operatives exposed to international market opportunities.	Target Not Achieved: 68 SMMEs and Co-operatives linked to global market opportunities.	250 SMMEs and Co-operatives exposed to global market opportunities.	Target Achieved: 118 SMMEs and Co-operatives exposed to global market opportunities.	132 SMMEs and Co-operatives were not exposed to global market opportunities.	Target was not yet due	Output / Output indicator / Annual Target was revised from 250 to 200 due to cost containment measures that were introduced by National Treasury.
Reduced regulatory burdens for small enterprises.	Businesses Amendment Bill submitted to Parliament.	Businesses Amendment Bill submitted to the Minister for introduction to Parliament.	N/A	Target Achieved: Two (2) progress reports on the review of the Businesses Amendment Bill and proposed changes approved by EXCO.	Businesses Amendment Bill submitted to the Minister for introduction to Parliament.	Target Not Achieved: Businesses Amendment Bill was not submitted to the Minister for introduction to Parliament.	Businesses Amendment Bill was not submitted to the Minister for introduction to Parliament.	Given that the Bill was not certified by OCSLA; the Bill was not submitted to Cabinet to secure approval for the Bill to be gazetted for public comments, thus no public consultations were undertaken. Consequently, a report on the public consultations could not be developed..	Output / Output indicator / Annual Target was revised, milestone for quarter three was moved to quarter four to allow enough time to submit the Bill.

Programme Two: Sector and Market Development									
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	*Actual Achievement 2023/2024 until 16 October 2023	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
								The Bill was first submitted to Office of Chief State Law Advisor (OCSLA) on the 4th May 2023 and the legal opinion from the OCSLA was received on the 29 June 2023. the proposed revisions and corrections were only completed in early September and the Bill was re-submitted to OCSLA on the 11 September 2023 for further consideration	

4.2.5 PROGRAMME TWO: SECTOR AND MARKET PERFORMANCE AGAINST THE REVISED AND RE-TABLED 2023/24 ANNUAL PERFORMANCE PLAN

Table 4.2.5.1 Programme Two: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Programme Two: Sector and Market Development								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	**Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
1. Increased participation of SMMEs and Co-operatives in domestic and international markets.	Products Produced and services rendered by SMMEs and Co-operatives linked to domestic market.	Number of products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	Target Achieved: 288 products produced and services rendered by SMMEs and Co-operatives linked to market.	Target Achieved: 281 products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	250 products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	Target Achieved: 285 products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	Additional 35 products produced by SMMEs and Co-operatives linked to domestic market.	Demand-pull factors: Efficient collaborations with the retailers and wholesalers. Some retailers agreed to more products on the lists in anticipation of the risk that not all products will be ready for listing.
	1.2. SMMEs and Co-operatives exposed to global market opportunities.	Number of SMMEs and Co-operatives exposed to global market opportunities.	Target Achieved: 242 SMMEs and Co-operatives exposed to international market opportunities.	Target Not Achieved: 68 SMMEs and Co-operatives linked to global market opportunities.	200 SMMEs and Co-operatives exposed to global market opportunities.	Target Achieved: 317 SMMEs and Co-operatives exposed to global market opportunities.	117 additional SMMEs were exposed to global market opportunities.	The GEC Africa plus held in Cape Town in March 2024 provided an opportunity to expose additional SMMEs to global market opportunities.
2. Scaled-Up and coordinated support for SMMEs, Co-operatives, Village and Township Economies.	2.1. Incubation Support Programme Improvement Plan monitored.	Number of Monitoring Reports on the Incubation Support Programme Improvement Plan approved by EXCO.	Target Not Achieved: Incubation Support Programme (ISP) evaluation not conducted and approved by EXCO.	Target not achieved: Two (2) Monitoring Reports on the Incubation Support Programme improvement plan not approved by EXCO.	Two (2) Monitoring Reports on the Incubation Support Programme Improvement Plan approved by EXCO.	Target not achieved: One (1) Monitoring Report on the Incubation Support Programme Improvement Plan was approved by EXCO.	One (1) Monitoring Report on the Incubation Support Programme Improvement Plan was not approved by EXCO.	The monitoring report for the Incubation Support Programme (ISP) improvement Plan was not achieved during Quarter 2. During Quarter 3, relevant stakeholders were consulted to strengthen the content of the monitoring report, which was then approved by the Accounting Officer instead of EXCO.

Programme Two: Sector and Market Development								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	**Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
3. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	3.1 Approved Business infrastructure for SMMEs and Co-operatives refurbished or built.	Number of approved business infrastructure for SMMEs and Co-operatives refurbished or built.	N/A	Target not achieved: Two (2) business infrastructure for SMMEs and Co-operatives refurbished or built.	Seven (7) approved business infrastructure for SMMEs and Co-operatives refurbished or built.	Target not achieved: Five (5) approved business infrastructure for SMMEs and Co-operatives refurbished or built.	Two (2) Business Infrastructure projects were not completed.	Manguzi Market stalls was not completed due to outstanding matters that included Electrical and Plumbing Installations that were yet to be done by the Municipality and Eskom. At the end of the reporting period for 2023/24 financial year, the Avocado Oil Processing Facility and Expansion Project had building materials that were yet to be delivered to the site. These included: gutters and downpipes, external roll up doors, roof ventilators, material for the mezzanine floor above the office and toilets
4. Reduced regulatory burdens for small enterprises.	4.1 Businesses Amendment Bill submitted to Parliament.	Businesses Amendment Bill submitted to the Minister for introduction to Parliament.	N/A	Target Achieved: Two (2) progress reports on the review of the Businesses Amendment Bill and proposed changes approved by EXCO.	Businesses Amendment Bill submitted to the Minister for introduction to Parliament.	Target not achieved: Businesses Amendment Bill was not submitted to the Minister for introduction to Parliament.	The OCSLA did not certify the Bill during the period under review but had issued another legal opinion on the 10th of October 2023. The conditional certification was received from OCSLA during Quarter4 of 2023/24.	Both the Business Licensing Policy and Bill have been approved for gazetting for public comment. It is expected that the Bill will be ready to present to Parliament in Quarter 4 of the 2024/25 financial year.

The Department had set itself a target of 250 products produced and services rendered by SMMEs and Co-operatives linked to the domestic market. A total of 285 products produced and services rendered by SMMEs, and Co-operatives were successfully linked to the domestic market. The SMMEs and Co-operatives that produced the products we made up of 94 women-owned, 53 Youth-owned and 18 PWDs owned.

In addition, the Department implemented the Small Business Exporter Development Scheme (SBEDS) Guidelines that it had introduced in March 2023 for the implementation of exposing SMMEs and Co-operatives to global market opportunities, this bringing the Internal Relation (IR) Strategy to life. The purpose of the SBEDS is to compensate the costs in respect of the activities aimed for the development of South African Small Business exporters with the objective to develop new export markets, broadening the export base for local products and services and stimulate job creation whilst increasing the participation of black owned enterprises in exports. In the 2023/24 financial year, the target was to expose 200 SMMEs and Co-operatives to global market opportunities and an implementation plan was developed and implemented successfully. The target, as per the implementation plan, was overachieved by 117 due to the Global Entrepreneurship Congress Africa Plus that was hosted by the Department in March 2024. Through these initiatives, the overall objectives of the IR Strategy were met.

The Department also set itself the annual target of monitoring the Incubation Support Programme Improvement Plan. The

Incubation Support Programme impact evaluation was conducted, and Improvement Plan was approved by the DSBD Executive Committee (EXCO). During the 2023/24 financial year, the Department monitored the Incubation Support Programme Improvement Plan and produced one monitoring report that was approved by EXCO.

For the year under review, the Department had set itself a target of seven business infrastructure for SMMEs and Co-operatives that would be refurbished or built. This resulted in five projects being completed: KwaMashu Market Stalls in KZN Durban, Letsatsi Pty Ltd (freedom Square Retail) Mangaung, Okhahlamba Bergville in KZN, KwaNtozonke Market in Eastern Cape (Mthatha), and Craven Street, Kimberley in Northern Cape.

The Department also set a target of submitting the Business Amendment Bill to the Minister for introduction to Parliament. However, this target was not achieved because the Office of Chief State Law Attorneys (OCSLA) did not certify the Bill during the period under review. Instead, a conditional certification was received from OCSLA during Quarter 4 of 2023/24, indicating that the Department can proceed to submit the Bill to Cabinet but must first attend to and re-draft a number of clauses. The Department secured a legal firm to assist in re-drafting the Bill as per OCSLA's opinion and review. The Department plans to submit the Bill to Cabinet during the course of 2024/25 financial year.

4.2.5. Linking performance with budgets

Sub-programme expenditure

Sub- Programme Name	2023/2024			2022/2023		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Sector and Market Development Management	390	132	258	310	1	310
Business Intelligence and Knowledge Management	17 606	15 945	1 661	16 686	16 248	438
Ease of Doing Business	8 614	7 339	1 275	11 022	8 786	2 236
Access to Market Support	124 280	104 185	20 095	92 652	91 610	1 042
Total	150 890	127 600	23 290	120 670	116 644	4 026

Annual expenditure for Programme Two: Sector Market Development amounted to R127.6 million (84.6%) against the final appropriation of R150.9 million, resulting in an under expenditure of R23.3 million (15.4%). Product Markets contributed R18.8 million due to tax non-compliance issues for the North West Development Corporation, as well as a partial payment to Manguzi market stalls project due to the slow progress of the project. Compensation of Employees and Goods and Services contributed R2.2 million each due to vacancies and cancelled foreign trips for the SMME exposure to international platforms respectively.

The main cost drivers on expenditure for Programme Two are Transfer payments at R59 million on the Product Market instrument; Compensation of Employees at R42.9 million, Goods and Services at R22.6 million and Capital Assets at R3 million. The drivers on Goods and Services expenditure are Travel and subsistence (R6.4 million), Administrative fees (R5 million), Computer services (R3.9 million), Venues (R3.1 million), Rental and hiring (R1.7 million) and consultants (R1.5 million).

4.2.6. Strategy to overcome areas of under performance

Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
Two (2) Monitoring Reports on the Incubation Support Programme Improvement Plan approved by EXCO.	One (1) Monitoring Report on the Incubation Support Programme Improvement Plan was approved by EXCO.	One (1) Monitoring Report on the Incubation Support Programme Improvement Plan was approved by the Accounting Officer. Going forward, the Department will ensure that it gets approved by the EXCO.
Seven (7) approved business Infrastructure for SMMEs and Co-operatives refurbished or built.	Five (5) approved business infrastructure for SMMEs and Co-operatives refurbished or built.	The two outstanding business infrastructure projects are to be completed during the 2024/25 financial year.
Businesses Amendment Bill submitted to the Minister for introduction to Parliament.	Businesses Amendment Bill was not submitted to the Minister for introduction to Parliament.	The Department has received conditional certification from OCSLA indicating that the Department can proceed to submit the Bill to Cabinet but must first attend to and re-draft a number of clauses. The draft National Business Licensing Policy was gazetted for public comments from 1 to 31 March 2024. The Department secured a legal firm to assist in re-drafting the Bill as per OCSLA's opinion and review. The Department plans to submit the Bill to Cabinet as soon as normal Cabinet schedule resumes during the Seventh Administration.

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

Not applicable to the DSBD.

4.3. Programme 3: Development Finance

4.3.1. Purpose

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

4.3.2. Sub-programme and purpose

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

4.3.3. Institutional Outcomes

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

4.3.4. Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

4.3.4 PROGRAMME THREE: DEVELOPMENT FINANCE PERFORMANCE AGAINST THE ORIGINALLY TABLED 2023/24 ANNUAL PERFORMANCE PLAN

Table 4.3.4.1 Programme Three: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Programme Three: Development Finance									
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	*Actual Achievement 2023/2024 until 16 October 2023	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	Township and Rural Enterprises supported financially and/or non-financially.	Number of Township and Rural Enterprises supported financially and/or non-financially.	Target not achieved: Township and rural enterprises supported to the value of R545 533 667.77	Target Not Achieved: 18 759 Township and Rural enterprises supported financially and/or non-financially.	30 000 Township and Rural Enterprises supported financially and/or non-financially.	Target not achieved: 9 936 Township and Rural Enterprises supported financially and/or non-financially.	20 064 Township and Rural enterprises were not supported financially and/or non-financially.	The under-performance in the quarter under review has been recorded on the financial support which is offered by sefa .	Output / Output indicator / Annual Target was revised due to cost containment measures that were introduced by National Treasury.
	Consolidated report on supported Competitive SMMEs and Co-operatives produced.	Consolidated report on the number of competitive SMMEs and Co-operatives supported approved by EXCO.	Target Achieved: Consolidated report on the 70 384 competitive SMMEs and Co-operatives supported approved by EXCO.	Target Achieved: Consolidated report on the 28 484 competitive SMMEs and Co-operatives supported approved by EXCO.	Consolidated report on the 50 000 competitive SMMEs and Co-operatives supported approved by EXCO.	Target Not Achieved: Consolidated report on the 17 465 competitive SMMEs and Co-operatives Supported was not approved by EXCO.	Consolidated report on the 50 000 competitive SMMEs and Co-operatives Supported was not approved by EXCO.	Target was not yet due	Output / Output indicator / Annual Target was revised to accommodate the TREP change as it is embedded in the total number of consolidated report on the 50 000 competitive SMMEs and Co-operatives supported.

4.3.5 PROGRAMME THREE: DEVELOPMENT FINANCE PERFORMANCE AGAINST THE REVISED AND RE-TABLED 2023/24 ANNUAL PERFORMANCE PLAN

Table 4.3.5.1 Programme Three: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Programme Three: Development Finance								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	**Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
1. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.	1.1. SMMEs and Co-operatives Funding Policy implementation plan reported on.	Consolidated report on the implementation plan of the SMMEs and Co-operatives Funding Policy approved by EXCO.	Target not achieved: SMMEs and Co-operatives Funding Policy not approved, implemented and reported on.	Target Achieved: Consolidated progress report on the finalisation of SMMEs and Co-operatives Funding Policy was approved by EXCO.	Consolidated report on the implementation plan of the SMMEs and Co-operatives Funding Policy approved by EXCO.	Target Achieved: Consolidated report on the implementation plan of the SMMEs and Co-operatives Funding Policy was approved by EXCO.	N/A	N/A
	1.2 Co-operatives supported financially and/or non-financially.	Number of Co-operatives supported financially and/or non-financially.	Target not achieved: Co-operatives supported to the value of R13.03 million.	Target Achieved: 321 Co-operatives supported financially and/or non-financially.	250 Co-operatives supported financially and/or non-financially.	Target Achieved: 345 Co-operatives supported financially and/or non-financially.	Over-achievement of 95	Over performance is due to the overwhelming response from the training workshops.
	1.3. Township and Rural Enterprises supported financially and/or non-financially.	Number of Township and Rural Enterprises supported financially and/or non-financially.	Target not achieved: Township and rural enterprises supported to the value of R545 533 667.77	Target Not Achieved: 18 759 Township and Rural enterprises supported financially and/or non-financially.	20 000 Township and Rural Enterprises supported financially and/or non-financially.	Target Achieved: 20 509 Township and Rural Enterprises supported financially and/or non-financially.	Over-achievement of 509.	The variance is attributable mainly to the followings: <ul style="list-style-type: none"> • Seda and sefa Catch-Up Plans, • Brand visibility through various communication channels such as events, social media, webinars and radio stations.

Programme Three: Development Finance								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	**Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
	1.4. SMMEs and Co-operatives in the craft sector supported through the Craft Customised Sector Support Programme.	Number of Crafters supported through the Craft Customised Sector Support Programme.	Target achieved: 953 Crafters supported through the Craft Customised Sector Programme.	Target Not Achieved: 659 crafters supported through the Craft Customised Sector Programme.	1000 crafters supported through the Craft Customised Sector Support Programme.	Target Not Achieved: 596 Crafters supported through the Craft Customised Sector Programme.	Underachievement by 496.	Delays in finalization of MOAs, that lead to first payment tranches being made late in Quarter Two. Two entities (TIKZN and FDC) only claimed first tranches moreover FDC encountered compliance challenges from the 3rd to the last quarter. The Department initiated catch up plans which also did not materialised due to the limited time that entities were left with to implement in Quarter 4.
	1.5. Start-up youth businesses supported financially and/or non-financially.	Number of start-up youth businesses supported financially and/or non-financially.	Target achieved: 13 369 start-up youth businesses supported financially and non-financially.	Target Not Achieved: 8 988 start-up youth businesses supported financially and/or non-financially.	10 000 start-up youth businesses supported financially and/or non-financially.	Target Achieved: 18 843 start-ups youth businesses were supported financially and non-financially.	Overachievement of 8 843.	The variance is attributable to a high volume of applications for start-up youth business received and processed during the financial year.
	1.6. Informal and Micro Enterprises supported through the Informal and Micro Enterprise Development Programme (IMEDP).	Number of informal business supported through IMEDP.	N/A	N/A	1 333 Number of informal business supported through IMEDP.	Target Achieved: 2 045 of informal business supported through IMEDP.	Overachievement of 712.	Due to high demand for IMEDP and responsiveness of the DSBD.

Programme Three: Development Finance

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	**Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
	1.7. Consolidated report on supported Competitive SMMEs and Co-operatives produced.	Consolidated report on the number of Competitive SMMEs and Co-operatives supported approved by EXCO.	Target Achieved: Consolidated report on the 70 384 competitive SMMEs and Co-operatives supported approved by EXCO.	Target Achieved: Consolidated report on the 28 484 competitive SMMEs and Co-operatives supported approved by EXCO.	Consolidated report on the 40 000 Competitive SMMEs and Co-operatives supported approved by EXCO.	Target Achieved: Consolidated report on the 50 077 competitive SMMEs and Co-operatives Supported was approved by EXCO.	Overachievement of 10 051.	The variance is attributable mainly to the followings: <ul style="list-style-type: none"> • Seda and sefa Catch-Up Plans, • TREP and Business Development Support Services rendered and Small Business Development Portfolio Brand visibility through various communication channels such as events, social media, webinars and radio stations.

To expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives, the Department exceeded its target of 10 000 in providing financial and non-financial support to start-ups youth businesses. The consolidated report on the implementation plan of the SMMEs and Co-operatives Funding Policy was approved by EXCO. An implementation plan is to guide its operationalisation by outlining practical steps on how to implement the Policy, identifying the role players to be involved in various initiatives, managing the anticipated risks and mitigating factors, and communicating the intended outcomes of the Policy.

In an effort to contribute toward the revised 2019-24 MTSF outcome to increase economic participation, ownership, access to resources, opportunities and wage equality for women, youth and PWDs, the Department implemented the TREP incentives schemes that are meant to stimulate and facilitate the development of sustainable and competitive enterprises in the township and rural areas, targeting the designated groups – women, youth and PWDs. A total of 20 509 TREP were supported financially and non-financially. Further, the Department and its entities supported 345 Co-operatives financially and/or non-financially.

The IMEDP achieved significant results when measured against the number of targeted informal and micro enterprises located in townships and rural communities. This was as a result of the review and refinement of the Standard Operating Procedures (SOP) and Guidelines that detail specific elements for the successful roll-out and delivery of the programme. A more direct outcome of the above administrative undertaking was a clearer approach to the promotion of the programme for adoption by local municipalities through their Local Economic Development offices, informal business associations and forums, as well as by other interested parties from government and from the private sector. The IMEDP is drawn from the National Informal Business Upliftment Strategy (NIBUS) of the DSBD which emphasises, among its five critical Pillars, the importance of

providing relevant tools, machinery and equipment to informal and micro enterprises as an important intervention for their upliftment. Thus the efforts of the DSBD leading to the popularity of the scheme among these enterprises ultimately resulting in the over-achievement of its stated targets. NIBUS seeks to uplift informal businesses and micro enterprises; and to empower local chambers/business associations and municipal Local Economic Development offices to deliver and facilitate access to upliftment programmes. The priority is mainly on informal and micro business entrepreneurs from designated groups, i.e., women, youth, and persons with disabilities, predominantly in township and rural areas of South Africa. The effectiveness of the programme as experienced by and as attested to by beneficiaries who own and operate informal and micro enterprises within the targeted communities has increased the popularity of IMEDP to the point that the demand for the programme has grown exponentially. This, coupled with the responsiveness of the unit and the officials responsible for its implementation, over-extension of limited human capacity and the availability of funds has led to the over-achievement of targets during each quarter culminating in an impressive indication of the relevance and appropriateness of the IMEDP incentive.

The Department further supported 596 crafters through the Craft Customised Sector Programme against the set annual target of 1000. The under achievement was due to delays in finalisation of MOAs, that lead to first payment tranches being made late in quarter two., secondly the two entities (TIKZN and FDC) only claimed first tranches moreover FDC encountered compliance challenges from the 3rd to the last quarter. The department initiated catch up plans which also did not materialised due to the limited time that entities were left with to implement in Quarter four.

In conclusion, the Department and its entities continues to facilitate the increase in the number of competitive small businesses with a focus on township and rural economies. The competitive SMMEs and Co-operatives are those SMMEs and Co-operatives supported financially and/or non-financially with the ability to create or sustain jobs. A total of 50 077 competitive SMMEs and Co-operatives were supported by 31 March 2024.

4.3.5. Linking performance with budgets

Sub-programme expenditure

Sub- Programme Name	2023/2024			2022/2023		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Development Finance Management	4 762	4 672	90	414	-	414
Model Funding Collaboration	14 192	14 122	70	10 526	9 061	1 465
Blended Finance	754 214	749 685	4 529	1 295 922	1 294 916	1 006
Business Viability	22 828	21 975	853	11 622	11 309	313
Total	795 996	790 455	5 541	1 318 484	1 315 286	3 198

Annual expenditure for Programme Three: Development Finance amounted to R790.5 million (99.3%) against the final appropriation of R796 million, resulting in an under expenditure of R5.5 million (0.7%). Compensation of Employees contributed R4.8 million to the underspending largely due to vacancies. Craft Customised Sector Programme contributed R650 thousand to the underspending as funds were not transferred to Trade and Investment KwaZulu Natal (TIKZN), R300 thousand, as their co-funding was withdrawn; and to the Free State Development Corporation (FDC), R350 thousand, due to compliance issues.

The main cost drivers of expenditure in the Programme are Transfers and Subsidies at R693 million, Goods and Services at R63.5 million, as well as Compensation of Employees at R32 million. The drivers of expenditure in Goods and Services are inventory for redistribution to IMEDP beneficiaries (R57.5 million), Travel and Subsistence (R3.7 million) and Legal Services (R1.7 million).

4.3.6. Strategy to overcome areas of under performance

Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
1 000 crafters supported through the Craft Customised Sector Support Programme.	596 Crafters supported through the Craft Customised Sector Programme.	This target was affected by delays in finalisation of MOAs that led to delay in first payment tranches. The Craft CSP project guidelines have been revised to align processes and improve efficiencies. Furthermore, the project team has increased the number of provincial and stakeholder engagement sessions as part of monitoring project implementation per quarter.

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

Not applicable to the DSBD.

4.4. Programme 4: Enterprise Development

4.4.1. Purpose

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

4.4.2. Sub-programme and purpose

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

4.4.3. Institutional Outcomes

- Increased contribution of SMMEs and Co-operatives in priority sectors.
- Improved integrated and streamlined business processes and systems.
- Reduced regulatory burdens for Small Enterprises.
- Scaled-Up and coordinated support for SMMEs, Co-operatives, Village and Township Economies.

4.4.4. Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

4.4.4 PROGRAMME FOUR: ENTERPRISE DEVELOPMENT PERFORMANCE AGAINST THE ORIGINALLY TABLED 2023/24 ANNUAL PERFORMANCE PLAN

Table 4.4.4.1 Programme Four: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

There were no revisions made within Programme Four of the originally tabled 2023/24 APP

Table 4.4.4.2 Programme Four: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Programme Four: Enterprise Development								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	**Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
1. Increased contribution of SMMEs and Co-operatives in priority sectors.	1.1. National Integrated Small Enterprise Development Strategic Framework implemented and reported on.	Number of the National Integrated Small Enterprise Development Strategic Framework implementation Reports approved by EXCO.	Target achieved: National Integrated Small Enterprise Development Masterplan submitted to Minister for Cabinet approval.	Target Achieved: National Integrated Small Enterprise Development Masterplan implementation report approved by EXCO.	Four (4) National Integrated Small Enterprise Development Strategic Framework Implementation reports approved by EXCO.	Target Achieved: Four (4) National Integrated Small Enterprise Development Strategic Framework Implementation reports approved by EXCO.	N/A	N/A
2. Improved integrated and streamlined business processes and systems.	2.1. Municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	Number of municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	Target achieved: Three (3) districts assisted through the Red-Tape Reduction Action Plan.	Target Achieved: 25 municipalities were assisted to roll out the Red-Tape Reduction Awareness Programme.	30 municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	Target achieved: 55 municipalities assisted to roll out the Red-Tape Reduction Awareness Programme.	Overachievement by 25.	The Department targeted the SALGA virtual workshop where several district and local municipalities were invited. The number of municipalities at this workshop contributed to the additional 22 municipalities assisted.

Programme Four: Enterprise Development								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	**Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
3. Reduced regulatory burdens for Small Enterprises.	3.1. A Regulatory Reform Implementation Plan.	A Regulatory Reform Implementation Plan submitted to Minister for approval.	N/A	Target Achieved: Assessment review report of SMME regulatory impediments to reform was approved by EXCO.	A Regulatory Reform Implementation Plan submitted to Minister for approval.	Target achieved: A Regulatory Reform Implementation Plan was submitted to Minister for approval.	N/A	N/A
4. Scaled-Up and coordinated support for SMMEs, Co-operatives, Village and Township Economies.	4.1 Sector-focused and Hybrid Incubation and Digital Hub Support Strategy Developed and Approved.	Sector-focused and Hybrid Incubation and Digital Hub Support Strategy developed and approved by EXCO.	N/A	N/A	Sector-focused and Hybrid Incubation and Digital Hub Support Strategy approved by EXCO.	Target Achieved: Sector-focused and Hybrid Incubation and Digital Hub Support Strategy approved by EXCO.	N/A	N/A
	4.2 National Entrepreneurship Strategy approved.	National Entrepreneurship Strategy approved by EXCO.	N/A	N/A	National Entrepreneurship Strategy approved by EXCO.	Target Achieved: National Entrepreneurship strategy approved by EXCO.	N/A	N/A
	4.3 Township Economy Revitalisation Policy implementation plan approved.	Township Economy Revitalisation Policy implementation plan approved by EXCO.	N/A	N/A	Township Economy Revitalisation Policy implementation plan approved by EXCO.	Target Achieved: Township Economy Revitalisation Policy implementation plan approved by EXCO.	N/A	N/A

Programme Four: Enterprise Development								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	**Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
	4.4 Reports on the SMMEs who participated in the SMME incubation programme and digital Hub programme approved.	Number of Reports on the SMMEs who participated in the SMME incubation programme and digital Hub programme approved by EXCO.	N/A	N/A	Two (2) Reports on the SMMEs who participated in the SMME incubation programme and digital Hub programme approved by EXCO.	Target Achieved: Two (2) Reports on the SMMEs who participated in the SMME incubation programme and digital Hub programme approved by EXCO.	N/A	N/A

The revised 2019-24 Medium Term Strategic Framework (MTSF) and the Economic Reconstruction and Recovery Plan priorities ascribe plans to creating a conducive environment that enables national priority sectors to support industrialisation and localisation, which will lead to increases in export, employment and Women, Youth and PWDs-owned SMMEs participation. To amplify the efforts on reducing regulatory burdens on small enterprises, the Department assisted 55 municipalities, against a 2023/24 annual target of 30 municipalities, to roll out the Red-Tape Reduction Awareness Programme. The Red-Tape Reduction Programme is aimed at assisting with improving the business-enabling environment by improving overall ranking within the top 50 countries by 2024 and achieving a top 50 ranking on indicators such as starting a business, trading across borders, and registering property. To that effect, a Regulatory Reform Implementation Plan was submitted to Minister, during the financial year under review, for approval.

To facilitate the scaled-up and coordinated support for SMMEs, Co-operatives, Village and Township Economies, the Department approved four National Integrated Small Enterprise Development Strategic Framework Implementation reports, Sector-focused and Hybrid Incubation and Digital Hub Support Strategy, Township Economy Revitalisation Policy implementation plan, as well as two reports on the SMMEs who participated in the SMME Incubation Programme and Digital Hub Programme.

4.4.5. Linking performance with budgets

Sub-programme expenditure

Sub- Programme Name	2023/2024			2022/2023		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Enterprise Development Management	1 994	1 833	161	533	288	245
Enterprise and Supplier Development	1 420 665	1 417 540	3 125	928 037	926 565	1 472
SMME Competitiveness	24 183	19 268	4 915	47 489	45 519	1 970
Total	1 446 842	1 438 640	8 202	976 059	972 371	3 688

Annual expenditure for Programme Four: Enterprise Development amounted to R1.439 billion (99.4%) against the final appropriation of R1.447 billion, resulting in an under expenditure of R8.2 million (0.6%). Compensation of Employees contributed R7.9 million to the under expenditure due to vacancies.

The main cost drivers for expenditure in the Programme are Transfers and Subsidies at R1.403 billion, Compensation of Employees at R25.3 million, as well as Goods and Services (R9.4 million). The drivers of expenditure in Goods and Services are travel and subsistence (R4.4 million) and consultants (R3.1 million).

4.4.6. Strategy to overcome areas of under performance

Not applicable to the Enterprise Development Programme.

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

Not applicable to the DSBD.

5. TRANSFER PAYMENTS

5.1. Transfer payments to public entities

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

Name of Public Entity	Key Outputs of the public entity	Amount transferred to the public entity. R'000	Amount spent by the public entity. R'000	Achievements of the public entity R'000
Seda	<ul style="list-style-type: none"> • Business registrations. • Business planning. • Business advice counselling and training. • Facilitation of access to finance. • Facilitation of access to markets. • Co-operatives support. • Business incubation. • Targeted small enterprise training • Product Markets • Energy intervention • General dealers • Asset assist programme 	1 226 206	Accounted for in the Seda 2023/24 Annual Report.	Accounted for in the Seda 2023/24 Annual Report.
Seda	<ul style="list-style-type: none"> • Technology programme access to technology. 	160 466	Accounted for in the Seda 2023/24 Annual Report.	Accounted for in the Seda 2023/24 Annual Report.
Seda	<ul style="list-style-type: none"> • Capacity-building programme for economic development provision of technical capacity and skills development. 	16 274	Accounted for in the Seda 2023/24 Annual Report.	Accounted for in the Seda 2023/24 Annual Report.
sefa	<ul style="list-style-type: none"> • Township and Rural Entrepreneurship Fund And COVID-19 – Emergency Fund. 	294 514	Accounted for in the sefa 2023/24 Annual Report.	Accounted for in the sefa 2023/24 Annual Report.
sefa	<ul style="list-style-type: none"> • Blended Finance. 	384 951	Accounted for in the sefa 2023/24 Annual Report.	Accounted for in the sefa 2023/24 Annual Report.
sefa	<ul style="list-style-type: none"> • Finalisation of the merger process of the three entities (Seda, sefa and CBDA). 	2 510	Accounted for in the sefa 2023/24 Annual Report.	Accounted for in the sefa 2023/24 Annual Report.

5.2. Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2023 to 31 March 2024

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Bokone Bophirima Craft and Design Institute (BBCDI)	NPO	Support Crafters	Yes	4 000	4 000	None
Cape Craft and Design Institute (CCDI)	NPO	Support Crafters	Yes	4 000	4 000	None
Eastern Cape Development Corporation (ECDC)	Provincial Government Agency	Support Crafters	Yes	1 359	1 359	None
Free State Development Corporation (FDC)	Provincial Government Agency	Support Crafters	Yes	150	350	Non-compliance with SARS
Northern Cape Economic Development Agency (NCEDA)	Provincial Government Agency.	Support Crafters	Yes	1 409	1 409	None

The table below reflects the transfer payments which were budgeted for in the period 1 April 2023 to 31 March 2024, but no transfer payments were made.

Name of transferee	Purpose for which the funds were to be used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
KZN Trade and Investment	Support Crafters	428	128	Lack of Capacity to deliver
Free State Development Corporation (FDC)	Support Crafters	500	150	Non-compliance with SARS

6. CONDITIONAL GRANTS

Not Applicable to the DSBD.

7. DONOR FUNDS

7.1. Donor Funds Received

The "Employment promotion through SMMEs Support programme" known as "EDSE" or Ecosystem Development for Small Enterprises Programme is funded by the European Union through the Reconstruction Development Programme (RDP) Fund under the National Treasury.

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

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

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

The table below details the donor funds received during for the period 1 April 2023 to 31 March 2024

Donor Fund Cris number ZA/DCI-AFS/039-297: Employment promotion through SMMEs support programme for South Africa, also known as EDSE.

Name of donor	EUROPEAN UNION
Full amount of the funding	R697,969,083.36
Period of the commitment	24 July 2017 – 31 March 2025
Purpose of the funding	Support programme to support the promotion of employment through Small, Micro and Medium Enterprises (SMMEs) for South Africa
Expected outputs	<ol style="list-style-type: none"> 1. To improve the competitiveness of SMMEs and their ability to meet procurement requirements of large multinationals, local corporations, Government, and State-owned Enterprises (SOEs) 2. To improve access to finance for SMMEs with limited or no access to finance 3. To improve the regulatory and administrative environment of SMMEs.
	<p>KRA 1: Competitiveness of SMMEs, and their ability to meet procurement requirements of large multinational/local corporations, Government and SOEs improved.</p> <ul style="list-style-type: none"> • Cannabis Cluster being piloted in the Eastern Cape • Exchange of EU and SA clusters held in October 2023 • 9 x provincial workshops on cluster development, national conference participation in November 2022 and connection to cluster network and partnerships • Seven 4IR Incubator hubs supported via Seda with funding for overheads, equipment, specialised training to enable hubs to support SMMEs in technology or 4IR space • Market Access for Digital Entrepreneurs "MADE" – 10 workshops and 5 training videos • Township economy/informal economy knowledge products developed from five metro townships with City Support Programme. Policy dialogue on Informal economy held in 2022 to reflect on NIBUS • Enterprise and Supplier Development (ESD) Community of Practice (CoP) launched with government and private sector. The ESD webinars held and foundational ESD practitioner eLearning course developed

Name of donor	EUROPEAN UNION
Actual outputs achieved	<p>KRA 1: Competitiveness of SMMEs, and their ability to meet procurement requirements of large multinational/local corporations, Government and SOEs improved.</p> <ul style="list-style-type: none"> • Four case studies captured; private sector partnerships being concluded • Support to Lepharo, Chemin and National construction incubators via Seda to support localisation training courses for SMMEs • Support for SheTradesZA platform launch, training, local and international exchanges of SMMEs registered on the platform via Seda • Expert support to develop DSBD Gender, Youth and Persons with Disabilities Strategy (GEYODI Strategy) • Supporting District Ecosystem Facilitation (DEF) set-up and implementation by Seda • Policy dialogues and stakeholder engagements supported • Department of Agriculture, Land Reform & Rural Development (DALRRD) – Livestock Information Tracking System (LITS) • DALRRD – Customised Laboratory Information Management System (C-LIMS) • DALRRD - Value-chain mapping • DALRRD – Upskilling and enterprise development of agropreneurs and building capacity of SMME agribusiness with South African Bureau of Standards (SABS) of agropreneurs <p>KRA 2: Access to finance for SMMEs with limited or no access to finance improved.</p> <ul style="list-style-type: none"> • Enterprise Supplier Development Fund (ESD Fund), Disbursements done to financial intermediaries and their SMMEs. • Innovation Fund, guarantees in place • Youth Challenge Fund approvals and disbursements done to youth-owned businesses <p>KRA 3: Capacity of relevant Government departments/agencies in enhancing regulatory and administrative environment for SMMEs strengthened.</p> <ul style="list-style-type: none"> • Longitudinal study and red-tape reduction support • Policy and legislation support. • Innovation bridge ICT platform. • Webinars, policy dialogues, round tables, stakeholder consultations; and partnerships.
Amount received (R'000)	R75,412,558.75
Amount spent by the department (R'000)	R 29 041 719,34
Reasons for the funds unspent	<ul style="list-style-type: none"> • Delays in procurement processes and/or procurement processes needing to be repeated or not successful • ICT projects linked to entity merger process • Communication and visibility plans impacted by cost containment measures and had to be re-planned
Monitoring mechanism by the donor	<p>Monitoring mechanism with log frame and intervention logic aligned to key deliverables, agreed indicators in place</p> <p>Programme monitoring and reporting tools for budget support</p> <ul style="list-style-type: none"> • Weekly dashboards reports • Monthly financial reports • Quarterly reports against annual workplans • Agreed procedural report apart from normal audit reports by all implementing partners. <p>For complementary technical assistance</p> <ul style="list-style-type: none"> • Six-monthly reports. <p>Evaluations</p> <ul style="list-style-type: none"> • Mid Term Review (External service provided contracted by EU) - Completed February 2022 • Final Programme Evaluation (External service provided contracted by EU) planned for after March 2025 • Project Specific Evaluations (Captured in the Annual Workplans)

8. CAPITAL INVESTMENT

8.1. Capital investment, maintenance and asset management plan

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

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

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

Seven infrastructure projects were completed during the year under review, and four were in progress, the variances are that the four projects could not be finalised due to construction challenges and delays by suppliers.

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

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

Progress made on the maintenance of infrastructure

The Department currently manages five State residences in Gauteng and the Western Cape, and two State-owned office buildings at Parliament and Parliament Towers. All these are maintained by the Department of Public Works and Infrastructure (DPWI) prestige. The DSBD also leases two buildings: one through the dtic's Public-Private Partnerships (PPP), which is serviced by Broll Facilities Management; and one is leased through a DPWI lease that is maintained by the landlord. No maintenance costs have been incurred by the Department, however the Department provides related equipment, appliances and services that are excluded.

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

Not applicable to the DSBD.

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

The asset holding has changed over the period under review: The DSBD closed the year with 1 436 worth R31.8 million comprising 948 capital assets worth R30.6 million, and 489 minor assets worth R1.2 million. There are currently 25 assets worth R 1.2 million under investigation.

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

Upon receipt, assets were recorded and barcoded, and an inventory list was generated and provided to the responsible official for signature and acknowledgment. Monthly asset reconciliations were diligently compiled, approved, and further supplemented by quarterly physical verifications of assets. Any discrepancies identified during these verifications were recorded in the losses and damages register. This register was subsequently forwarded to Security Management for investigation for liability assessment.

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

For the period under review, the state of both major and minor assets 1 436 is as follows:

Good = 91.4%

Fair = 1.3%

Poor = 5.6%

Lost = 1.2%

Damaged = 0.5%

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

Not applicable to the DSBD.

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

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

Infrastructure projects	2023/2024			2022/2023		
	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
New and replacement assets	7 113	6 699	414	9 660	6 949	2 711
Total	7 113	6 699	414	9 660	6 949	2 711





PART C

GOVERNANCE

1. INTRODUCTION

The Department continued demonstrating its commitment towards the maintenance of the highest standards of governance in managing limited public finances and resources that the Department was entrusted with during the 2023/24 financial year. In demonstrating this commitment, the Department has put governance structures in place to ensure good governance and effective, efficient and economical use of state resources in the following areas: Risk Management, Anti-Fraud and Corruption, Minimising Conflicts of Interest, Code of Conduct, Health, Safety and Environmental issues, Portfolio Committee, Audit and Risk Committee (ARC), and B-BBEE Compliance Performance Information.

2. RISK MANAGEMENT

The DSBD has developed and implemented the Risk Management Policy and Strategy. To support the implementation of the Policy and Strategy, the Risk and Integrity Management Implementation Plan has been developed to guide the execution of risk and ethics activities. During the reporting period, the Department conducted a strategic risk assessment and 19 strategic risks have been identified and monitored on a quarterly basis.

The Risk and Ethics Management Committee (REMC), which consists of internal executive managers and external members has been established and it is functional to provide an oversight role on the effectiveness of risk management processes, provision of guidance on the management of strategic risks and ensuring the effectiveness of the internal control system. The Risk and Ethics Management Charter has been developed and the Chairperson of the REMC reports to the Audit and Risk Committee (ARC).

During the reporting period, the DSBD achieved a risk maturity level 5 score. The score indicates the level at which DSBD has implemented risk management processes. However, to strengthen risk management processes, the Department has developed the business continuity management policy, combined assurance plan and monitored the implementation of the compliance management universe.

3. FRAUD AND CORRUPTION

The DSBD has developed and implemented the Fraud Prevention, Anti-corruption and Whistle Blowing Policy. The Department has adopted and promoted a zero-tolerance stance on fraud and corruption. In terms of the Whistle Blowing Policy, the DSBD encourages citizens and officials to report any fraudulent activities relating to the Department to the Public Service Commission through the National Anti-corruption Hotline (0800 701 701).

In 2023/24 reporting period, DSBD has also conducted the awareness sessions on the departmental website and virtually to emphasise the significance of having the strong fraud and corruption preventative mechanisms, as well as to promote the utilisation of the anti-corruption hotline to report fraud and corruption allegations.

Furthermore, the DSBD has developed and monitored the fraud and corruption risk register during the reporting period. The pro-active identification of risks assisted the Department to put together mitigating measures to prevent the fraud risks.

4. MINIMISING CONFLICT OF INTEREST

From the Risk and Integrity Management's perspective, conflict of interest is managed through the implementation of the Public Service Regulation (2016) as amended, and Ethics Management Directives from the Department of Public Service and Administration (DPSA). In addition, the DSBD has developed the policies on remunerative work outside the public service, doing business with organ of state, financial disclosure and lifestyle audit. During 2023/24 financial disclosure period, all SMS and other designated officials have disclosed their financial interest within the stipulated timelines. Non-compliance is dealt with in accordance with the Public Service Regulations and chapter 7 of the SMS Handbook.

5. CODE OF CONDUCT

The Code of Conduct for Public Servants, as prescribed in Chapter 2 of the Public Service Amendment Regulations of 2023, acts as a guideline to employees about the ethical expectations in their individual conduct and relationships with others. Adherence to the Code of Conduct was instilled through training, and all new officials were required to acknowledge receipt of a copy of the Code of Conduct to ensure compliance.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Department continues to implement Occupational Health and Safety (OHS) related activities to ensure compliance with the Occupational Health and Safety Act (OHSA), while following the Hybrid mode of working arrangement.

The following activities formed part of OHS and Environmental aspects:

- Approval of the Disaster Management or Contingency plan by Tshwane Emergency Services and the Acting Director-General (ADG).
- Training of OHS/ Wellness Committee role players (First Aiders, Fire Marshalls/Firefighters, SHE Representatives and Wellness Buddies).
- Building inspections for both Pretoria and Cape Town offices were conducted.
- Awareness sessions on Compensation for Injuries and Diseases Act (COIDA) were conducted in conjunction with Department of Labour representatives.
- One active Injury on Duty (IOD) case was managed in conjunction with relevant role players.
- Workplace safety awareness and education continued to be rendered through online posters via DSBD Blitz.
- Disaster management plan awareness sessions were conducted.
- OHS inductions were conducted via the compulsory DSBD Induction Programme.
- An Emergency Evacuation Drill was conducted in conjunction with the OHS or Wellness Committee and role players. A drill feedback report was submitted to the ADG for noting.

- Emergency Evacuation Chair was procured and mounted in the DSBD occupied building.
- After relocating to the first and ground floors of the DSBD-occupied building (Block G), there has been an improvement in compliance with the OHSA regulations. The OHS hazards that were identified by the Department of Labour inspector are being addressed in collaboration with Facilities and Security Management, the ICT Management Unit, and the dtic (Landlord).
- The ADG intervened to address the challenge of some OHS or Wellness Committee members not attending meetings and being unresponsive.
- The use of a WhatsApp group for the committee and sending out email reminders helped to improve attendance of meetings.

The following risks have been identified while working mainly from home:

- **Poor ergonomic workstation design while working from home:** Most employees working from home use dining room tables and chairs that are not designed for extended use (e.g. daily eight-hour working period).
- **Laptop/tool of trade security:** No certainty or assurance about the security of laptops and tools of trade because some colleagues may work from public spaces while working from home.

The OHS risk identified in the building includes the following:

- **Poor housekeeping in the office:** Many boxes and files are packed inside the offices which is a fire hazard.

The impact on the Department:

- **Workstation design while working from home:** Muscle pain and low back injuries.
- **Loss of laptops/tools of trade while working in a public space:** Financial implications to the employer or the employee.
- **Poor housekeeping in the office:** Fire risks in the building which may cause loss of life, property damage, and loss of information.

7. PORTFOLIO COMMITTEES

During the year under review, the Department, together with its entities, **sefa** and Seda, met with the Portfolio Committee on Small Business Development. The meetings were scheduled as follows:

DATE	AGENDA
18 April 2023	<ul style="list-style-type: none"> Consideration and adoption of the 2023 Committee Quarter Two Programme. Briefings on 2023/24 Strategic, Annual Performance and Budget Plans by the Small Enterprise Finance Agency (sefa).
19 April 2023	<ul style="list-style-type: none"> Briefings on 2023/24 Strategic, Annual Performance & Budget Plans by Small Enterprise Development Agency (Seda). Briefing on 2023/24 Strategic, Annual Performance & Budget Plans by the Department of Small Business Development (DSBD).
10 May 2023	<ul style="list-style-type: none"> Consideration and adoption of minutes. Consideration and adoption of the 2023/24 Budget Vote Report.
16 May 2023	<ul style="list-style-type: none"> Vote 36 of the Department of Small Business Development Budget Vote Debate.
24 May 2023	<ul style="list-style-type: none"> Consideration and adoption of minutes. Briefings on 2023/23 Quarter Four Performance Reports of the Department of Small Business Development (DSBD), Small Enterprise Finance Agency (sefa) & Small Enterprise Development Agency (Seda).
31 May 2023	<ul style="list-style-type: none"> Consideration and adoption of minutes. Productive Credit and Economic Growth: The role of the Banking, Credit Providers and DFI Sector in granting Access to Credit.
7 June 2023	<ul style="list-style-type: none"> Consideration and adoption of minutes. Briefing on the Memorandum of Understanding between the Department of Small Business Development and the DGRV content by the Department of Small Business Development.
14 June 2023	<ul style="list-style-type: none"> Consideration and adoption of minutes. Briefing on Project Framework for implementation of recommendations emanating from the North West Oversight Report.
24 June 2023	<ul style="list-style-type: none"> Study Tours to Germany.
30 August 2023	<ul style="list-style-type: none"> Consideration and adoption of the 2023 Third Term Committee Programme. Consideration and adoption of Committee Minutes. Briefing by the Department of Small Business Development on the proposed National Small Enterprise Amendment bill referred to the Speaker of Parliament in June 2023. Committee resolution Re: the Committee vs the Executive bill and deliberations in relation to Rule 277.
6 September 2023	<ul style="list-style-type: none"> Consideration and adoption of Committee Minutes. Briefing by the Department and entities on their 2023/24 First Quarter Performance Reports.
13 September 2023	<ul style="list-style-type: none"> Consideration and adoption of Committee Minutes. Briefing on plans and progress made in addressing recommendations of the North West Oversight Report. Consideration and adoption of the Germany Study Visit Report.

DATE	AGENDA
20 September 2023	<ul style="list-style-type: none"> Consideration and adoption of Committee Minutes. Consideration and adoption of legislation programme (The Small Enterprise Amendment Bill). Interaction with Co-operatives sector: SANACO, CBDA, SACOBA, NSCB, NACSA, NCASA.
10 October 2023	<ul style="list-style-type: none"> Consideration and adoption of 2023 Fourth Term Committee Programme. Consideration and adoption of Committee minutes. Briefing by Deloitte South Africa on the 2022/23 performance of the Small Enterprise Finance Agency (sefa). Briefing by Auditor-General of South Africa on the 2022/23 performance of the Department of Small Business Development (DSBD) and Small Enterprise Development Agency (Seda).
11 October 2023	<ul style="list-style-type: none"> Briefings on the 2022/23 Annual Performance of the Department of Small Business Development and agencies in preparation for Budget Review & Recommendations Report (BRRR).
18 October 2023	<ul style="list-style-type: none"> Consideration and adoption of Committee Minutes. Consideration and adoption of 2023 Budgetary Review and Recommendation Report (BRRR). Consideration and adoption of the June 2023 German Study Visit Report.
25 October 2023	<ul style="list-style-type: none"> Preparations for legislation public hearings on National Small Enterprise Amendment Bill. Consideration and adoption of Committee Minutes.
26 – 28 October 2023	<ul style="list-style-type: none"> Provincial Public Hearings on the National Small Enterprise Bill.
30 – 31 October 2023	<ul style="list-style-type: none"> Provincial Public Hearings on the National Small Enterprise Bill
1 November 2023	<ul style="list-style-type: none"> Consideration and adoption of Committee Minutes. Briefings on the 2023/24 Quarter Two Performance Reports by the Department of Small Business Development and its entities.
2 – 3 November 2023	<ul style="list-style-type: none"> Provincial Public Hearings on the National Small Enterprise Bill.
6 – 7 November 2023	<ul style="list-style-type: none"> Provincial Public Hearings on the National Small Enterprise Bill.
9 – 12 November 2023	<ul style="list-style-type: none"> Provincial Public Hearings on the National Small Enterprise Bill.
14 – 16 November 2023	<ul style="list-style-type: none"> Provincial Public Hearings on the National Small Enterprise Bill.
17 - 19 November 2023	<ul style="list-style-type: none"> Provincial Public Hearings on the National Small Enterprise Bill.
21 – 23 November 2023	<ul style="list-style-type: none"> National Hearings and consideration of written submissions on the National Small Enterprise Bill [B16-2023].
28 November – 1 December 2023	<ul style="list-style-type: none"> Consideration of clauses, and adoption of the Bill.
6 December 2023	<ul style="list-style-type: none"> Plenary: 2023 Medium Term Budget Policy Statement & Adjustments Appropriation Bill
8 February 2024	<ul style="list-style-type: none"> State of the Nation Address
14 February 2024	<ul style="list-style-type: none"> Debate on the State of the Nation Address

DATE	AGENDA
21 February 2023	<ul style="list-style-type: none"> Election of an Acting Chairperson Consideration and adoption of the 2024 First Term Committee Programme. Consideration and adoption of minutes. Consideration and adoption of Germany Study Tours Report.
	<ul style="list-style-type: none"> Budget Speech
28 February 2024	<ul style="list-style-type: none"> Consideration and Adoption of minutes. Briefing on 2022/23 Quarter Two & Three Performance Reports by the Department of Small Business Development; Small Enterprise Finance Agency (sefa) and Small Enterprise Development Agency (Seda).
6 March 2024	<ul style="list-style-type: none"> Briefing on findings and perspectives on opportunities versus challenges on Cannabis and Hemp Industry by HEMP 4 LIFE.
13 & 14 March 2024	<ul style="list-style-type: none"> GLOBAL ENTREPRENEURSHIP CONGRESS + AFRICA. (Pending approval from the Office of the House Chairperson and Chief Whip)
20 March 2024	<ul style="list-style-type: none"> Consideration and adoption of minutes Briefings on progress made on the following resolutions of the Committee, emanating from the oversight visit: progress in ensuring that clients were reimbursed or capacitated on grants that were supposed to get of R7 500; outcomes of the forensic investigation sefa embarked on; and results of comprehensive study on sustainability of intervention programmes in assisting and development of small enterprises. Consideration of the first draft 2023/24 Annual & 6th Term Committee Legacy Report.
27 March 2024	<ul style="list-style-type: none"> Consideration and Adoption of minutes. Consideration and adoption of 2023/24 Annual Report. Consideration and adoption of 6th Term Legacy Report.

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

Matters raised by the Portfolio Committee	Department's response
<p>The Committee acknowledges and applauds the Portfolio's overall performance, particularly the Department in attaining two consecutive clean audit opinions. The Department received its first unqualified audit opinion with no significant findings, also known as a clean audit opinion, indicating that both the submitted Annual Financial Statements (AFS) and performance information were free of substantial misstatements.</p> <p>This audit opinion is an improvement over the audit opinion for the 2021/22 auditing period, when the Department received a clean audit opinion only on performance information, while the AFS were unqualified with findings. This is a notable achievement.</p>	<p>The Portfolio Committee's acknowledgement of the Department's improvement in audit outcomes is received with appreciation. It should however be noted that the Department was receiving its second unqualified audit opinion with no material findings and that the first clean audit opinion on performance information was obtained as an outcome of the 2020/21 financial year.</p> <p>Implementation of the audit action plan that is monitored on a quarterly basis enabled the team to curtail repeat findings. The Department continues to diligently work towards maintaining its audit outcome, including improving on the non-material findings.</p>
<p>The Committee further notes agencies performance in this regard particularly sefa that has regressed from a clean audit to an unqualified audit outcome with findings on compliance, as well as Seda outcomes that remained stagnant as it achieved an unqualified audit outcome with material findings on performance information.</p> <p>Agencies ascribe this performance to the uncertainty caused by the prospective merger. Meanwhile, the Industrial Development Corporation (IDC) announced that sefa is one of its loss-making subsidiaries, having lost R120 million in the financial year under review. According to IDC, the loss is a 222 percent fall from a net profit of R98 million in 2021/22 due to large impairments, which have resulted in a decrease in lending activity.</p>	<p>The observation of the Committee regarding Seda's unqualified audit outcome with material findings on performance information is correct given that Seda has not obtained a clean audit on performance information. Seda is, however, on a journey to improve this outcome. Through various interventions, the 2022/23 financial year outcome of the performance information audit showed an improvement from adverse (2021/22) to a qualified opinion. Seda is currently rolling out a Client Information and Operations system, as well as a reporting system to resolve the challenges that led to the performance information audit findings. The system went live on the third quarter of 2023/24 financial year and the expectation is that Seda will not have negative performance information related findings by the end of 2024/25 financial year as the performance management system will be fully operational.</p> <p>In 2022/23 financial year, the sefa received an unqualified audit outcome on both the financial statements and the performance audit. In 2022/23, sefa had a non-compliance matter that was raised due to sefa not having a special resolution (adopted by the shareholders within the previous two years as required by section 45(3)(a)(ii) of the Companies Act 71 of 2008) for loans that were provided to related companies. A non-compliance matter was also raised due to audit corrections that were posted after the draft financial statements were issued to the external auditors. Section 55(1) (b) of the PFMA (1999) requires that draft annual financial statements are issued to the external auditors within two months after the financial year end. These corrections were necessary to bring in the correct amounts on the Expected Credit Loss provision.</p> <p>sefa incurred a loss before tax in both 2022/23 financial years. The loss before tax was R223 million in 2023 and R171 million in 2022.</p>

Matters raised by the Portfolio Committee	Department's response
	<p>The only reason that sefa showed a profit after tax in the prior year (2022) was due to the reversal of a tax provision that was raised in 2021. This provision had to be raised in 2021 due to the grants that sefa received not being exempt at the time that the annual financial statements were approved in 2021. On 19 January 2022 Act No. 20 of 2021: Taxation Laws Amendment Act was issued by the Presidency. Section 47 of the Taxation Laws Amendment Act replaced the current Eleventh Schedule (Government Grants Exempt from Normal Tax, Section 12P) with a new list of Government Grants now exempted, which includes the various programs under which sefa received grant funding from the DSBD. This also allowed retrospective application and therefore the provision raised in 2021 was reversed in 2022, resulting in a profit after tax. However, as presented above, sefa did incur a loss before tax in both 2022 and 2023. sefa has been grappling with the issues of increasing impairments which is driving the operational losses, as well as the interest on loans and advances not growing as budgeted due to these impairments, charging concessionary interest rates on some programmes and low collections. The Board and management are driving strategies to improve collections and lower impairments. These will be outlined in the 2024/25 corporate plan.</p>
<p>The Department's performance on financial spending is improving, it utilised 99.3 percent of its final appropriation. Underspending was around R19 million, or 0.7 percent of the total budget. In percentage terms, the underspending is insignificant, and falls well within the target of less than 5 percent variance. This is commendable.</p>	<p>The Department appreciates the Committee's acknowledge of the good work done and will continue to actively manage cash in line with planned activities and recommending reprioritisations as and when the need arises.</p>
<p>The Committee further observes that the majority of underspending on financial indicators is due to employee compensation as well as goods and services. All four programmes of the Department underutilised their funding allocations mostly as a result of unfilled funded posts.</p>	<p>By the end of December 2023, ninety-two (92) employees were appointed / transferred. However, only forty eight (48) of these appointments impacted the vacancy rate. The remaining forty-four (44) appointments are employed additional to the establishment to assist in areas where a temporary increase in workload is experienced or the functions are not provided for on the structure. Over the same period, eighteen (18) terminations that impacted the vacancy rate were processed.</p> <p>The response handling service provider has been appointed. The recruitment plan is presented at EXCO, on a monthly basis, to ensure that EXCO members are aware of challenges being experienced in relation to the various stages of recruitment and also have periodic meeting with ADG, to escalate matters that require her intervention.</p>

Matters raised by the Portfolio Committee	Department's response
<p>Nonetheless, the expenditure is in contrast to the number of performance targets met, 14 out of 25, which saw the Department's performance fall from 60 percent in the fiscal year 2021/22 to 56 percent during the period under consideration. In the last BRRR cycle, the Committee observed a similar pattern wherein the overall performance on achieved targets had dropped from 85 percent in 2020/21 to 60 percent in 2021/22. It had then concluded that the trend warrants closer examination and corrective measure.</p>	<p>The expenditure contrast to the number of performance targets met was due to the following two matters:</p> <p>1. First Matter: One of the purposes of the Department is to oversee the promotion of an ecosystem that enhances entrepreneurship and innovation during the establishment, growth and sustainability of SMMEs and Co-operatives business life cycle. In doing so, the following targets were not achieved because the number of supports provided to the SMMEs, and Co-operatives was low compared to the number of interventions provided to SMMEs and Co-operatives:</p> <ul style="list-style-type: none"> • A total of 18 759 township and rural enterprises were supported but these enterprises were supported with different interventions and these interventions amounted to 22 957 for the 2022/23 financial year. • A total of 8 988 start-up youth businesses financially and/or non-financially against the 10 000 annual target. However, if the Department were to count the number of interventions provided to support the 8 988 start-up youth businesses, a total of 12 279 would have been recorded. • The Department further supported 659 crafters through the Craft Customised Sector Programme at a budgeted amount of R35.5 million against the set annual target of 900. Similar to the youth start-up businesses, the number of interventions provided as support to the 659 crafters amounted to a total of 1001 for the period. • The Department set the annual target for linking a total of 250 SMMEs and Co-operatives to the international market. In this regard, the target was not achieved. The Department managed to only link 68 SMMEs and Co-operatives to global market opportunities, just like the above targets, more than 250 interventions were linked to the SMMEs and Co-operatives. • The Department also set itself the annual target of supporting 2,500 women-owned businesses to register on the international platform. A total of 1 202 women-owned businesses were supported to register on the international platform by 31 March 2023. While the number of supported women-owned businesses may seem low, the small business-women owners were provided with support through various interventions, and therefore the number would be higher if only one intervention was provided. <p>This practice goes against our model as we encourage them to follow a client journey since the SMMEs and Co-operatives that are supported more than once are the ones who tend to show high turnover and job growth. And going forward the Department will ensure that its set targets are aligned with the SBD Portfolio Business Model.</p> <p>2. Second Matter: the 56% achievement is made up of only targets that have been 100% achieved, excluding those that may be partially achieved, which could have increased the overall percentage for the financial year under review. But as the Department, in order to push ourselves to deliver the best that we can to the SMMEs and Co-operatives, we took a conscious decision to do away with this practice and focus on targets that have been fully achieved when reporting our performance.</p> <p>During the current financial year, the Department has activated different structures (including the war room task team) to monitor strategies to ensure that the performance at the end of the financial year is improved from the previous financial year's one. Improvement in performance is already seen in the results of 2023/24 Quarter Three (Q3), where the Department achieved 73% of its Q3 milestones.</p>

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<p>Meanwhile, the agencies are well within the target threshold of 10 percent. In the 2022/23 financial year, Seda and sefa vacant positions were filled using fixed-term contracts to ensure that the merger process is not compromised. The annual targets for the vacancy rate, as outlined in the annual performance plans, were 10 percent and on average 7 percent vacancy rate management was achieved in 2022/23 financial year.</p>	<p>Seda continues to endeavour to attract and retain the best talent that will assist the organisation in achieving its mandate during and beyond the amalgamation process. Seda's vacancy rate as of the end of the 2022/23 financial year was at 7%, which is below the acceptable maximum threshold of 10%.</p> <p>Currently, sefa has 55:45 fixed-term contract to permanent employment ratio as part of its establishment. The fixed-term employment practice was introduced as part of the transition arrangements for the merger. However, this transitional merger is harming the performance of the organisation which primarily results in the loss of institutional knowledge, uncertainty regarding employment tenure, and the overall impact on organisational performance.</p>
<p>The Committee commends the Department for paying 100 percent of its invoices within the 30-day period as required by section 38(1)(f) of the Public Finance Management Act (PFMA), which calls for the Department's Accounting Officers to settle all contractual obligations and pay all money due, including intergovernmental claims, within the prescribed or agreed period. Regulation 8.2.3 of the Treasury Regulations stipulates that "unless determined otherwise in a contract or other agreement, all payments due to creditors must be settled within 30 days from receipt of an invoice or, in the case of civil claims, the date of settlement or court judgment".</p>	<p>The payment of invoices is embedded in the relevant officials' performance agreements that are closely monitored on a monthly basis. An internal Supply Chain Management (SCM) Circular was also issued in January 2024 to all DSBD employees, providing guidance on the process that needs to be followed in receiving invoices in order to ensure that these are paid within 30 days.</p> <p>Similarly to the Department, the DSBD entities also pay invoices within 30 days. sefa's supplier invoices are paid within 30 days of receipt in line with Treasury Regulation 8.2.3 and the approved Contract Management Policy. The creditors' payment days are measured and monitored on a quarterly basis to ensure adherence to PFMA (1999). Seda pays the supplier invoices within 30 days of receipt in line with Treasury Regulation 8.2.3. The creditors' payment days are measured and monitored on a quarterly basis to ensure adherence to PFMA (1999).</p>
<p>The Committee is currently receiving a lot of complaints from small businesses many of which relates to non-payment or late payment of invoices for products and services rendered or delivered to the clients, mainly the state organs and big corporations. According to the National Treasury data published recently, the period from 1 July 2022 to 30 June 2023 reveals R76 billion in outstanding payments to creditors by municipalities. Section 65(2)(e) of the Local Government: Municipal Finance Management Act, 2003 (MFMA), requires the Accounting Officers/Municipal Managers to take all reasonable steps to ensure that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement. An increase in outstanding creditors could indicate that municipalities are facing liquidity and cash issues and, as a result, are delaying payment of outstanding creditors, majority of whom are small enterprises.</p>	<p>Given the devastating impact of the non and late payment of small enterprise suppliers by government, the DSBD, following consultations with National Treasury and the Department of Planning, Monitoring and Evaluation (DPME) made recommendations to the Standing Committee on Appropriations and Appropriation Bill, to strengthen the enforcement of compliance to the 30-day payment obligation to ensure that all organs of state will pay invoices to small enterprises within the required timeframe of 30 days.</p> <p>The Department is also working with National Treasury to strengthen regulations on the reporting requirements for the late payment of legitimate supplier invoices to differentiate between small enterprise suppliers and large enterprise suppliers. This will enable the Department to specifically follow-up on the late payment of legitimate small enterprise suppliers.</p>

Matters raised by the Portfolio Committee	Department's response
<p>It is noted that the Department was successful in finalising the organisational organogram, nonetheless, chose to place staff on the approved structure while continuing to operate on the interim structure until the conclusion of the 2022/23 financial year. The Department reported a vacancy rate of 10 percent, missing its vacancy rate target by 0.1 percent. However, this is an improvement compared to the previous year's 16.5 per cent vacancy rate. The Committee is optimistic that bringing the vacancy rate to lower levels will bring much-needed stability after years of operating under a start-up structure, which was largely responsible for the high vacancy rate at the senior management level.</p>	<p>The Department chose to continue operating on the interim arrangements for operational reasons, which include:</p> <ul style="list-style-type: none"> • To allow for completion of operational and APP targets that senior managers contracted to at the start of the 2022/23 reporting period. • To allow for the placement process to unfold without interruptions to operations. That is, employees were informed on placement but only moved to the new post effective 1 April 2023 to contract for the new financial year. • To allow for the appeals process to unfold and be concluded prior to advertisement of vacant or new posts. <p>The approved structure allowed for a hundred and forty-six (146) new posts. For the 2023/24 financial year, the Departmental structure moved from 211 to 299 posts, meaning that eighty-eight 88 new posts were created. It should however be noted that the vacancy rate still remains high. For the 2023/24 APP target the Department has committed to a 5% vacancy rate towards filling the organisational structure.</p> <p>To date the majority of the senior management positions have been advertised and are at recruitment stage.</p>
<p>While the moratorium on filling of vacancies was lifted in the current year, National Treasury has nevertheless, issued a guide on cost containment that might negatively affect the filling of vacancies by the Department. The Committee will monitor the Department's commitment of reducing vacancy rate to less than 10 percent.</p>	<p>The Department has managed to decrease the vacancy rate by 5.7% (35.5% at the start of the reporting period [April 2023] to 29.8% at 30 October 2023). At present, the Department has eighty-three (83) vacancies of which forty-four (44) are in the recruitment process and not impacted by the cost containment measures (except for securing authorisation codes to allow the Department to appoint as soon as offers are accepted).</p> <p>This will move the Department to a 73% capacity rate.</p> <p>The DSBD has also consulted with the Minister for Public Service and Administration (MPSA) to allow for thirty-four (34) critical posts to be filled, however DPSA has only granted concurrence for twenty-nine (29) posts to be filled.</p> <p>In addition, the Director-General post was advertised on 12 January 2024 and the interviews was scheduled for February 2024. The process with regards to the appointment of the Director-General is being finalised.</p>
<p>On the area of policy and legislation the Committee notes that, even though the National Small Enterprise Amendment Bill was not achieved during the financial year under review, the Bill has since been introduced in Parliament during quarter one of 2023/24 financial year where it is currently being processed in accordance with Parliamentary processes. Other notable areas of progress are SMME and Funding policy, which was gazetted for public comments in April 2023, so is the National Integrated Small Enterprise Development Strategic Framework where the Department embarked on consultations session with key role players in the small enterprise ecosystem to solicit inputs to the finalisation of the NISED Strategic Framework.</p>	<p>The Department has embarked on policy review and has come up with an overarching strategic Framework through the NISED as mentioned. The legislation as mentioned is also being processed through Parliament to bring one stop entity that will enhance the development of small enterprises in the country and provide for some remedial actions in areas of injustices through the office of the Ombud. Furthermore, the Department is finalising the SMME and Co-operatives Funding Policy, which is being processed through structures such as NEDLAC, Economic Cluster and ultimately Cabinet in order to effectively be implemented in the next 2024/25 financial year.</p>

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<p>The amendment of the Business Act, however, remains a significant concern for the Committee due to its accountability in regulating township and rural enterprises. During the State of the Nation Address in February 2022, the President had this to say “we are reviewing the Business Act – alongside a broader review of legislation that affects SMMEs – to reduce the regulatory burden on informal businesses”. While in response to the last BRRR cycle recommendations the Department had committed that “the Bill would be introduced to Parliament by the end of the second quarter of 2023/2024”. This did not materialise. The Committee takes notice of the commitment in the 2023/24 annual performance plan that the Businesses Amendment Bill will only be taken through Parliamentary processes during the seventh Parliament, 2024/25.</p>	<p>The Portfolio Committee has since the establishment of the Department called for the Amendment or repealing of the Businesses Act (1991). Unfortunately, this legislation was not assigned to the Department alongside the National Small Enterprise Act (1996) and the Co-operatives Act (2005) when the Department was established in 2014. This has invariably prevented the Department from initiating the amendment or repeal of the Businesses Act.</p> <p>The DSBD subsequently requested and successfully got the Businesses Act No. 71 of 1991 transferred from the dtic to the DSBD in 2020/21 financial year as per the Presidential Proclamation of 20 October 2020.</p> <p>The 2021/22 financial year has been used to initiate the initial review of the Act as well as the dtic 2013 Business Licensing Bill. In the 2022/23 the Department has included in its APP the indicator: “<i>number of progress reports on the review of the Businesses Amendment Bill and proposed changes approved by EXCO</i>” for 2022/23; and indicated that the Bill would be introduced to Parliament in the 2024/25 period.</p> <p>Given the progress made in reviewing the Businesses Act and developing the Amendment/Repeal Bill; the Department had revised its targets on 2023/2024 APP wherein the Bill would have been introduced to Parliament by the end of the 3rd quarter of 2023/2024.</p> <p>The Department has unfortunately not been able to meet this target given:</p> <ol style="list-style-type: none"> 1. The Department did not secure certification of the Bill from the Office of the Chief State Law Advisor (OCSLA). The Department submitted to OCSLA in June 2023 and received a legal opinion that required extensive re-drafting of the Bill. The Department submitted again in September 2023 and still received another legal opinion. The Department has since secured legal drafting services to assist the Department in finalising the Bill and has submitted to OCSLA in January 2024 and hopes for OCSLA certification. 2. <u>The requirement for a National Policy on Business Licensing to precede the submission of the Bill.</u> The Department started work on the Bill first and then worked on the Policy alongside work on the Bill and had intended to submit both documents to Cabinet at the same time. Cabinet secretariat indicated to the Department that the Policy would need to be submitted first and approved before the Bill is tabled. The Department has thus presented the draft National Business Licensing Policy to Cabinet at the special cabinet meeting of 8 December 2023 and secured approval to gazette the policy for public comments. <p>Given the above developments the Department projects that:</p> <ol style="list-style-type: none"> a) Pending OCSLA Certification, the Department will submit to the Business Licensing Bill to Cabinet for approval for Gazetting for public comments. The Department is not able to provide a specific date – as this is dependent on OCSLA certification. The Department projects that the Bill will only be introduced to Parliament in the 7th administration. b) It will finalise and submit the draft National Business Licensing Policy to Cabinet for approval by the end of the 2023/2024 period.

Matters raised by the Portfolio Committee	Department's response
<p>The Committee records that when the Department appeared before it on 29 April 2022 to present its 2022/23 annual performance plan, it had directed that in all quarterly and annual reports, the Department and entities must disaggregate the type of enterprises assisted, and/or distinguish co-operatives, informal traders, spaza shop owners from typical small enterprises registered under the Companies Act. This guidance was for the Department and agencies to execute with immediate effect. However, in the annual reports under consideration, the Portfolio continues to put emphasis on the number of "competitive SMMs and Co-operatives supported" without providing the Committee with a thorough breakdown as asked.</p> <p>The Committee believes that this type of reporting methodology conceals the narrow and asymmetric distribution of resources between small enterprises, which are mostly private businesses registered under the Companies, and social enterprises registered under the Co-operatives Act, and informal traders registered under the Municipal Bylaws. Furthermore, aggregating beneficiaries in terms of the provinces rather than regions or district municipalities does not provide a clear picture of how resources are distributed equitably among regions. sefa has begun to perform a terrific job in this area.</p>	<p>The breakdown of sefa's funded clients by their legal status is attached. This information relates to the 2022/23 financial year (Annexure A)</p> <p>Seda acknowledges the request to distinguish between SMMs and Cooperatives. Seda for the past five years has been reporting on both SMMs and Cooperatives as a single indicator.</p> <p>The organisation has put the following measures in place:</p> <ol style="list-style-type: none"> 1. Distinguishing between SMMs and Cooperatives by setting targets for Co-operatives. 2. Through the Co-operatives Development Support Programme, we will assist 40 clients with machinery, implements and stock during 2024/25 financial year. An amount of R 73 million is available for this purpose. 3. Seda's next report to the Portfolio Committee will also indicate the number of Co-operatives, informal businesses and SMMs that were supported by the entity. <p>The Department started from quarter two (2023/24 financial year) to provide the disaggregated data in its quarterly reports, providing the equity information, outlining the designated groups supported. Going forward, working with the sefa and Seda that are the Department's implementing agencies, the Department will improve from just providing the equity information to providing the type of enterprises assisted, and/or distinguish co-operatives, informal traders, spaza shop owners from typical small enterprises registered under the Companies Act.</p>

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Furthermore, while in 2021/22 financial year the target was to support Co-operatives to the value of R89 million, where the Department managed to provide support to the value of R13 million or 15 percent of the planned target, the target in the year under review is on the number of enterprises rather than value of support. The Department's target was to support 200 co-operatives financially and/or non-financially. Instead, it supported 321 co-operatives, exceeding its target by 121. However, the Committee has no idea what kind of assistance was provided to the co-operatives or where they are located. It also has no way of monitoring the effectiveness of the Department's Cooperatives Development Support Programme (CDSP), the Department's flagship programme designed to assist Co-operative enterprises.	<p><u>Financial year 2021/22:</u></p> <p>Financial support- CDSP</p> <p>The target for supporting co-operatives to the value of R88,6 million could not be achieved. Only R13,02 million was disbursed and R66,60 million transferred to sefa for Co-operatives Development Support Programme (CDSP) programme implementation. A request was made for the remaining R8,98 million to be transferred to other programmes within the Department.</p> <p>A total amount of R13,02 million was disbursed in support of forty (40) primary co-operatives. It is to be noted, however, that from the forty (40) primary co-operatives supported,</p> <ul style="list-style-type: none">• Eleven (11) "new" co-operatives were funded to the value of R5,53 million.• The remaining twenty-nine (29) were additional payments of R7,49 million to co-operatives that have already been reported on in previous reporting period(s). <p><u>Financial year 2022/23</u></p> <p>The nature of support provided to the Co-operatives during the 2022/23 financial year was on training and workshops. The below table further provides the location of those Co-operatives that receive training and workshops:</p> <table><tr><th>Province</th><th>District municipality</th><th>Local municipality</th><th>Rural/urban</th><th>Number of Co-operatives</th><th>Number of attendees</th></tr><tr><td>Limpopo</td><td>Sekhukhune</td><td>Makhuduthamaga</td><td>Rural</td><td>81</td><td>184</td></tr><tr><td>Limpopo</td><td>Sekhukhune</td><td>Ephraim Mogale</td><td>Rural</td><td>20</td><td>40</td></tr><tr><td>Limpopo</td><td>Sekhukhune</td><td>Fetakgomo</td><td>Rural</td><td>9</td><td>21</td></tr><tr><td>Limpopo</td><td>Sekhukhune</td><td>Elias Motsoaledi</td><td>Rural</td><td>39</td><td>67</td></tr><tr><td>Limpopo</td><td>Capricorn</td><td>Molemole</td><td>Rural</td><td>9</td><td>37</td></tr><tr><td>Limpopo</td><td>Waterberg</td><td>Thabazimbi</td><td>Rural</td><td>9</td><td>33</td></tr><tr><td>Limpopo</td><td>Mopani</td><td>Ba-Phalaborwa</td><td>Rural</td><td>13</td><td>34</td></tr><tr><td>KwaZulu-Natal</td><td>Ilembe</td><td>Ndwedwe</td><td>Rural</td><td>13</td><td>13</td></tr><tr><td>Eastern Cape</td><td>Amathole</td><td>Mbashe</td><td>Rural</td><td>68</td><td>68</td></tr><tr><td>Eastern Cape</td><td>Amathole</td><td>Govan Mbeki</td><td>Rural</td><td>1</td><td>1</td></tr><tr><td>Total</td><td></td><td></td><td></td><td>321</td><td>585</td></tr></table>	Province	District municipality	Local municipality	Rural/urban	Number of Co-operatives	Number of attendees	Limpopo	Sekhukhune	Makhuduthamaga	Rural	81	184	Limpopo	Sekhukhune	Ephraim Mogale	Rural	20	40	Limpopo	Sekhukhune	Fetakgomo	Rural	9	21	Limpopo	Sekhukhune	Elias Motsoaledi	Rural	39	67	Limpopo	Capricorn	Molemole	Rural	9	37	Limpopo	Waterberg	Thabazimbi	Rural	9	33	Limpopo	Mopani	Ba-Phalaborwa	Rural	13	34	KwaZulu-Natal	Ilembe	Ndwedwe	Rural	13	13	Eastern Cape	Amathole	Mbashe	Rural	68	68	Eastern Cape	Amathole	Govan Mbeki	Rural	1	1	Total				321	585
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	<p>Non-financial support</p> <p>The DSBD provided workshops to 321 co-operatives as part of non-financial support to co-operatives during the financial year 2022/23:</p> <ul style="list-style-type: none"> • There were workshops conducted which focused on awareness campaigns on the Co-operatives Development Support Programme (CDSP). To popularise the CDSP, the Directorate plans to organise/facilitate/host several awareness/outreach campaigns across the nine provinces of the country. These campaigns also provide a platform for other stakeholders to make presentations on their product offerings, contributing to non-financial support. • The workshops happened in the 5 provinces – Limpopo, Gauteng, North West, KwaZulu-Natal and Eastern Cape and further categorised in terms of rural/urban co-operatives members, number of females, male, youth and persons with disabilities' attendees as well as the date of the intervention.
<p>One of the Department's five-year targets is to increase participation of SMMEs and Cooperatives in domestic and international markets. The Department had set itself a target of 1000 products in its five-year plan. While for the 2022/23 financial year it is committed to ensuring that 250 products produced by SMMEs, and Co-operatives are linked to domestic market. For the period under consideration the Department reports that the target was exceeded by 31 products, slightly less from 288 attained in 2021/22 period.</p>	<p>In the current financial year there is a target of exposing 200 SMMEs and Co-operatives to global market opportunities. To date, within the 2023/24 financial year, 183 have been exposed to global market opportunities.</p> <p>Through the Market Linkages Programme, the Department linked SMME/Co-operatives' products to the local retailers and/or wholesalers, see Annexure B.</p>
<p>The Committee commended the Department for beginning the process of establishing the Small Business Advisory Body in accordance with the Act's requirements in its 2022/23 annual performance plan. Since the fifth Parliament, the Committee has been making this suggestion because it firmly believes that the Department requires an experienced, impartial, and external view on problems relevant to small business development. Regrettably, no action has been taken to fulfil this commitment. Instead, the same promise is included in the current 2023/24 APP, but there are no stated timeframes for when the Advisory Body appointment process will begin. The Committee further acknowledges that the recently tabled National Small Enterprise Amendment Bill is making provision for the Advisory Body to submit its performance report to the Minister. The Committee is adamant, however, that the proposed amendment does not prevent the Minister from proceeding with the appointment of the Advisory panel.</p>	<p>The process of appointing the Advisory Body is underway. There necessary documentation and the concurrence with other relevant government departments has been sought. This has paved the way to go through the process as mapped out in the legislation before the Advisory Body can be appointed.</p>

Matters raised by the Portfolio Committee	Department's response
<p>The Committee takes note of the fact that on 17 January 2023, the Department announced that it was immediately working on an energy relief package for the small, medium, informal, and micro sectors in partnership with its agencies and various stakeholders within and outside government. The contents of the package, as well as the requirements and avenues for applying for relief, were to be revealed almost straightaway. Not much headway has been made in this regard.</p>	<p>During the 2023/24 financial year, the DSBD began to develop the Energy Support Scheme (ESS) for informal and micro enterprises using the Informal and Micro Enterprise Development Programme (IMEDP) approach for the provision of power supply tools and equipment e.g. generators, Photo-Voltaic Cells, etc. through improved collaboration with provinces to provide complementary support focusing on access to alternative power. Micro enterprises that fall above the ESS threshold that is geared for informal enterprises are to be supported by Seda with higher output energy support tools and equipment such as solar panels, etc.</p> <p>The proposed packages for rolling out the Energy Support Scheme, including the required resources, Guidelines and Standard Operating Procedures (SOPs), have been packaged and presented to internal DSBD stakeholders and to targeted external role-players and are awaiting confirmation of funding from National Treasury.</p> <p>The DSBD expects to commence roll-out of this much anticipated scheme during the first quarter of 2024/25 once all the required financial resources are made available to the Department.</p> <p>The only other programme that has an element of energy relief is the proposed Product Market where seven SEIF structures will be fitted with alternative energy supply. Funding for this intervention was only secured during the 2023 AENE processes approved by Parliament in January 2024. Funds will be transferred to Seda in January and February 2024.</p>
<p>In March 2023, the Committee conducted an oversight visit in the North West province where a number of concerns were raised concerning governance issues such as loan origination, lack of monitoring financial intermediaries and their performance, and high interest rates charged by intermediaries that were not in accordance with the National Credit Act (NCA). sefa has established an action plan in response to the Committee's findings. The Committee will monitor the action plan and ensure that its recommendations are incorporated in the 2024/25 annual performance plan.</p>	<p>All sefa's Micro Finance Intermediaries are registered entities with the National Credit Regulator and compliant with the National Credit Act in respect of their charges to their end user clients. The developmental Credit providers using the Grameen Bank group methodologies serving the very poorest clients all charge significantly less than the maximum limits provided by the Act.</p> <p>Notwithstanding the fact that the sefa Micro Finance clients are well within the limits of the National Credit Act in respect of their interest charges, sefa engaged with these institutions and there is a proposal in place to consider further reductions of charges to the micro entrepreneurs. The engagement with DBSD on the matter of the interest rate support is still ongoing.</p> <p>Lastly, a cost to end-user exercise has been conducted on the retail finance intermediaries under the SME Wholesale Lending and this revealed that Retail Financial Intermediaries (RFIs) lend within the limits of NCA.</p> <p>Furthermore, cost of funding to end-users will be included in the facility loan agreements for all RFIs.</p>
<p>The Committee learnt and welcomes the report that sefa hired or placed in its database a panel of 27 forensic companies to conduct various investigations in the agency. Accordingly, four cases have since been referred to law enforcement authorities, specifically the commercial crime unit. The Committee fully supports the Board's no-nonsense approach to tackling corruption.</p>	<p>sefa welcomes the Committee's support to tackle malfeasance and corruption. Furthermore, sefa has joined a forum of companies in the financial services sector, whose objective is to share the best fraud practices locally and internationally.</p>

Matters raised by the Portfolio Committee	Department's response
<p>In the financial year 2022/23, the DSBD was unable to meet 44 percent of its APP targets. Vacancies in critical job categories were identified as the primary cause of underperformance. To halt or reverse the trend, the Department must expedite its recruitment efforts to fill vacant posts as practically as possible. The Committee will review quarterly reports to track how far this indicator is achieved. Ideally, and given the approval of the organisational structure, the Committee would like to see the Department maintaining a vacancy rate of less than five percent.</p>	<p>The Department expedited filling of critical vacancies by means of:</p> <ul style="list-style-type: none"> • Top management: Advertising the three (3) Deputy Directors-General posts. Two of these posts have since been filled and the third is in the process of being filled. • Senior Management: Thirteen (13) senior management positions were advertised, and the Department has since appointed four (4) senior managers. The remaining nine positions are still in the recruitment and selection process. • Middle Management: Twenty (20) middle management positions were advertised, and the Department has since appointed eleven (11) middle managers. The remaining nine (9) are still in the recruitment and selection process. • Levels 2–9: Forty-six (46) posts were advertised, and the Department has since appointed twenty one (21) employees. The remaining twenty five (25) are still in the recruitment and selection process.
<p>The SMME and Co-operatives Funding Policy must be expedited and completed by 31 March 2023. Since the financial year 2020/21, this target has been included in the Department's annual performance plans. As at 31 March 2022 the policy had only been approved by the Minister and Cabinet and later gazetted for public comments. It will be damaging to good governance if the Committee accepts or examines the annual performance plan (2024/25) with this target still being incomplete.</p>	<p>The Department is finalising the SMME and Co-operatives Funding Policy, which is being processed through structures such as NEDLAC, Economic Cluster and ultimately Cabinet in order to effectively be implemented in the 2024/25 financial year.</p>
<p>As noted in the AG report, the portfolio has achieved 67 percent of its targets over the MTSF period, implying 33 percent non-achievement of MTSF targets. The Executive authority should monitor and ensure that the remaining targets are accomplished within the current MTSF period.</p>	<p>The Department has developed mechanisms to monitor and ensure that the two outstanding MTSF targets are achieved.</p> <ol style="list-style-type: none"> 1. Implement the SMME-focused localisation policy and ensure 100% compliance by the public sector in procuring 1000 designated local products and services from SMMEs by 31 March 2024. <p>The Department is on track to achieve the set MTSF target. As of the third quarter of the 2023/24 financial year (31 December 2023), a total of 1042 products were produced and services rendered by SMMEs, and Co-operatives linked to the domestic market.</p> <ol style="list-style-type: none"> 2. At least 50% of national and provincial DFI financing is dedicated to SMMEs and Co-operatives through the establishment of the SMMEs and Cooperatives Funding Policy by March 2021/22. <ul style="list-style-type: none"> • SMMEs and Co-operatives Funding Policy was delayed, due to the Department having to undertake further consultations before the Policy can be presented to Cabinet for approval. • Despite the Funding Policy finalisation being behind schedule, some of the Policy proposals are already being implemented by some of the DFIs. For instance, most of the lending activities are informed by the SMMEs' and Cooperatives' affordability based on the available monthly cash flows as opposed to the provision of collateral; and to introduce a seamless application process, the DFIs have introduced a common application template to standardise the application requirements for SMMEs and Co-operatives. <p>The SMMEs and Co-operatives Funding Policy is being processed through structures such as NEDLAC, Economic Cluster and ultimately Cabinet in order to effectively be implemented in the 2024/25 financial year.</p>

Matters raised by the Portfolio Committee	Department's response
<p>To arrest further decline in audit findings of the agencies, the Department must move quickly to monitor and assist agencies to implement the AG's recommendations. The Accounting Authorities/Board of Directors must be held accountable for improving controls for proper record keeping and ensuring that complete, relevant, and accurate information is accessible and available to support performance data.</p> <p>Management should respond to the AG's requests with the requisite urgency in addressing identified risks and improving internal controls, which will improve audit outcomes for both the Department and entities. The Committee will maintain regular contact with the AG's office in line with oversight accountability.</p>	<p>DSBD has a governance structure called a Portfolio Governance Forum (PGF) that sits once a quarter, which is between the Department and its entities, chaired by the DSBD Accounting Officer. The members of this structure are the EXCO members of the Portfolio. One of the standing items of the PGF is to monitor the Seda and sefa quarterly performance reports, which include the progress on the implementation of the Auditor-General recommendations / findings. Through this structure, the Department is providing appropriate guidance regarding the matters raised by the Auditors.</p> <p>During 2022/23 financial year, sefa did not obtain any findings on its performance data. As a result, there were no requests from AGSA to address any risks or tighten internal controls.</p> <p>Seda's main audit issue was the Performance Information management and reporting. The new system has been developed and implemented during the financial year. Seda will be reporting from the new system as from the financial year ending 2023/24. Seda will be enhancing the new system so as to address some of the findings from the last audit.</p>
<p>Following its oversight visit to the North West province, the Committee emphasized the importance of the sefa Board to consider amendments to the policy guidelines to include a condition for MFIs and RFLs to be licensed by both the National Credit Regulator and the Financial Sector Conduct Authority (FSCA) as authorised Financial Services Providers (FSP). The NCR licensing process is defective in that it focuses solely on the entity or corporation as a legal person, whereas the FSCA approach encompasses both the firm and the individual behind the company. The majority of NCR-licensed companies are led by directors who do not meet the criterion of 'fit and proper'. Licensing is an important component of the regulatory system and helps to oversee the value chain. The Board must endeavour to achieve this recommendation before the agency tables its 2024/25 annual performance plan.</p>	<p>The National Credit Act in the application process looks at the Directors and Managers of the institutions.</p> <p>sefa shall engage FSCA to explore the modalities of our clients registering with FSCA. In addition, sefa will explore the overlaps and the differences between NCA and FSCA and, where possible, contact clients to comply with higher standards. sefa will also endeavour to empower the individuals behind the MFIs, especially the developing MFIs driven by black entrepreneurs to ensure the necessary skill required is in place. While the objective is to promote inclusion, that will be done in a sustainable manner.</p>

Matters raised by the Portfolio Committee	Department's response																																																																																																																								
<p>sefa has to keep a closer eye on MFIs and RFIs to ensure that they are following the government's mandate of making finance available to all small enterprises and ensure equitable spread. The Committee will now examine sefa's quarterly reports to see if the operations of MFIs and RFIs are closely supervised. sefa's products and services should not compete with those of MFIs and RFIs. They should also not operate against the government's goal of making low-cost development credit available.</p>	<p>Steps are being taken to reduce the cost of credit as referred to in 7.19. However, RFIs under Wholesale Lending are pricing within the prescripts of the NCA.</p>																																																																																																																								
<p>The Department seems to have turned the corner on the performance of co-operatives. According to the annual performance plan, 321 co-operatives were supported during the financial year under review, exceeding the target by 121. As part of its role in exercising oversight on the programmes of the Department e.g., Co-operatives Sector Development Programme, the Committee would appreciate it if the consolidated list of supported co-operatives could be shared with the Committee by 30 November 2023.</p>	<p>A consolidated list is attached as Annexure C. However, approval is needed from Ministry to share the list as it has personal information that POPIA prohibits its sharing without first seeking approval from the individual Co-operatives.</p> <p>The summary of the cooperatives supported is as follows:</p> <table><tr><th>Province</th><th>District Municipality</th><th>Local Municipality</th><th>Rural/ Urban</th><th>Number of Co-operative</th><th>Number of Co-operative members</th><th>Number of attendees</th><th>Female attendees</th><th>Male attendees</th><th>Youth attendees</th></tr><tr><td>Limpopo</td><td>Sekhukhune</td><td>Makhuduthamaga</td><td>Rural</td><td>81</td><td>119</td><td>184</td><td>143</td><td>41</td><td>20</td></tr><tr><td>Limpopo</td><td>Sekhukhune</td><td>Ephraim Mogale</td><td>Rural</td><td>20</td><td>25</td><td>40</td><td>27</td><td>13</td><td>11</td></tr><tr><td>Limpopo</td><td>Sekhukhune</td><td>Fetakgomo</td><td>Rural</td><td>9</td><td>12</td><td>21</td><td>15</td><td>6</td><td>3</td></tr><tr><td>Limpopo</td><td>Sekhukhune</td><td>Elias Motsoaledi</td><td>Rural</td><td>39</td><td>51</td><td>67</td><td>44</td><td>23</td><td>18</td></tr><tr><td>Limpopo</td><td>Capricorn</td><td>Molemole</td><td>Rural</td><td>9</td><td>26</td><td>37</td><td>26</td><td>11</td><td>7</td></tr><tr><td>Limpopo</td><td>Waterberg</td><td>Thabazimbi</td><td>Rural</td><td>9</td><td>21</td><td>33</td><td>28</td><td>5</td><td>3</td></tr><tr><td>Limpopo</td><td>Mopani</td><td>Ba-Phalaborwa</td><td>Rural</td><td>13</td><td>20</td><td>34</td><td>28</td><td>6</td><td>0</td></tr><tr><td>KwaZuluNatal</td><td>Ilembe</td><td>Ndwedwe</td><td>Rural</td><td>13</td><td>13</td><td>13</td><td>8</td><td>5</td><td>1</td></tr><tr><td>Eastern Cape</td><td>Amathole</td><td>Mbashe</td><td>Rural</td><td>68</td><td>68</td><td>68</td><td>36</td><td>32</td><td>17</td></tr><tr><td>Eastern Cape</td><td>Amathole</td><td>Govan Mbeki</td><td>Rural</td><td>1</td><td>1</td><td>1</td><td>1</td><td>0</td><td>0</td></tr><tr><td>Total</td><td></td><td></td><td></td><td>321</td><td>432</td><td>585</td><td>398</td><td>178</td><td>87</td></tr></table>	Province	District Municipality	Local Municipality	Rural/ Urban	Number of Co-operative	Number of Co-operative members	Number of attendees	Female attendees	Male attendees	Youth attendees	Limpopo	Sekhukhune	Makhuduthamaga	Rural	81	119	184	143	41	20	Limpopo	Sekhukhune	Ephraim Mogale	Rural	20	25	40	27	13	11	Limpopo	Sekhukhune	Fetakgomo	Rural	9	12	21	15	6	3	Limpopo	Sekhukhune	Elias Motsoaledi	Rural	39	51	67	44	23	18	Limpopo	Capricorn	Molemole	Rural	9	26	37	26	11	7	Limpopo	Waterberg	Thabazimbi	Rural	9	21	33	28	5	3	Limpopo	Mopani	Ba-Phalaborwa	Rural	13	20	34	28	6	0	KwaZuluNatal	Ilembe	Ndwedwe	Rural	13	13	13	8	5	1	Eastern Cape	Amathole	Mbashe	Rural	68	68	68	36	32	17	Eastern Cape	Amathole	Govan Mbeki	Rural	1	1	1	1	0	0	Total				321	432	585	398	178	87
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<p>As per above request, in order to adequately discharge its responsibility of overseeing the Departmental programmes, the Committee would appreciate being provided with a list of 281 items manufactured by SMMEs and Co-operatives that were linked to the domestic market by the conclusion of quarter three of the current financial year.</p>	<p>List provided as requested (through a separate attachment) [Annexure A].</p>																																																																																																																								

Matters raised by the Portfolio Committee	Department's response
The Minister should ensure that the appointment of an Advisory Board is carried out in accordance with the commitments made in the subsequent annual performance plans for 2022 and 2023. The next quarterly report must include a timeline for when this will be accomplished.	The Department has embarked on a process of appointing the advisory body. There necessary documentation and the concurrence with other relevant government departments has been sought. This has paved the way to go through the process as mapped out in the legislation before the Advisory Body can be appointed.
Concerning the energy relief initiative announced by the Minister in January 2023, the Committee should be briefed on the progress made thus far, before the end of the third quarter.	Please refer to 7.18 above. The only other programme that has an element of energy relief is the proposed. Funding for Product Market, where 7 SEIF structures will be fitted with alternative energy supply, was only secured during the 2023 AENE processes approved by Parliament in January 2024. Funds will be transferred to Seda in January and February 2024.
Lifestyle audits are an essential management technique for preventing, detecting fraud and corruption in public service. They also contribute to ensuring that the lives of State employees are commensurate with their remuneration. In April 2021, the government established and approved mandatory guidelines for all audits of public officials in national and provincial departments, as well as SoEs. In its next quarterly report to Parliament, the Department must specify when it expects to commence this process. On the forensic investigations conducted by sefa during the course of the 2022/23 financial year, the Board must brief the Committee of the results of the forensic audit before end of the current financial year.	<p>The sefa Board and Management understand and enforce the guidelines for the lifestyle audits on employees. To this end, the following interventions were undertaken:</p> <ul style="list-style-type: none"> • Appointed a panel of 27 forensic firms in September 2021. • Appointed a forensic auditor Manager in March 2022. • Appointment of a new Hotline service provider in March 2023. • Completed 30 investigations between 2021 and 2023. • Conducted compulsory related to Anti-Fraud, Corruption and Ethics Awareness workshops during the 2022/23 financial year for sefa officials. The sessions educated, created awareness, and boosted employee confidence to report incidences of fraud and corruption; and informed staff about sefa's fraud risk management framework and policies. <p>The following Board sub-committees exercise quarterly oversight on all investigations to ensure that there is adequate fraud risk management, fraud prevention and detection. These sub-committees are Audit, Risk and Social Ethics Committees.</p> <p>The DSBD conducted the lifestyle review in Quarter 4 of the 2023/2024 financial year, using the current financial disclosure database. An analysis on the information provided by SMS, MMS, SCM and Finance officials was done to identify any red flags. The report was compiled and completed and subsequently submitted directly to the Department of Public Service and Administration (DPSA), via the online system implemented by the DPSA in January 2024. The DSBD can report that no red flags were identified in the report. Lifestyle audits that will include all DSBD officials will be done in 2024/25 financial year. Currently the Department does not have the budget and capacity to conduct lifestyle audits but is in the process of exploring the options available to the Department in order to effect the DPSA policy directives.</p>
To support the President's aspirations to eliminate red tape, the Committee is once again calling for the establishment of a Parliamentary Ad hoc Committee that will interface with the red tape reduction team at the Presidency under the guidance and leadership of Mr. Nkosi.	DSBD has engaged the Presidency to meet. The date is still to be confirmed.

Matters raised by the Portfolio Committee	Department's response
<p>The late and/or non-payment of invoices has a major negative impact on the financial health of suppliers, who are frequently forced to borrow money in order to stay afloat financially and satisfy their contractual responsibilities with the State entities. Despite the fact the Department has done well in terms of paying its creditors within 30 days, achieving 100 percent during the year under review, its approach however, is internally focused or inward-looking. As the guardian of small business growth, the Department must establish an indicator for implementation in collaboration with National Treasury to track delinquent invoices. Where state organs are failing to pay uncontested invoices within 30 days, sefa must be on standby to pick up the tab through cession arrangements. This indicator must be included in the upcoming MTSF and APPs.</p>	<p>sefa has a Purchase Order Funding product and this is successful where firstly the SMME is willing to sign a cession agreement between the SMME, sefa and the State-Owned Entity (SOE), and secondly where the SOE is willing to sign an MOU with sefa committing to honour the cession agreements with sefa. These MOUs are necessary, given the history of some SOEs not honouring the cession agreements with sefa.</p> <p>The DSBD, following consultations with National Treasury and the Department of Planning, Monitoring and Evaluation (DPME) made recommendations to the Standing Committee on Appropriations and Appropriation Bill, to strengthen the enforcement of compliance to the 30-day payment obligation to ensure that all organs of state will pay invoices to small enterprises within the required timeframe of 30 days.</p> <p>The Department is also working with National Treasury to strengthen regulations on the reporting requirements for the late payment of legitimate supplier invoices to differentiate between small enterprise suppliers and large enterprise suppliers. This will enable the Department to specifically follow-up on the late payment of legitimate small enterprise suppliers.</p>

8. SCOPA RESOLUTIONS

Not applicable

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

Not applicable as the Department.

10. INTERNAL CONTROL UNIT

The DSBD does not have an Internal Control Unit.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

The Internal Audit Unit is in place and reports administratively to the Director-General and functionally to the Audit and Risk Committee. The objective of Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve the Department's operations. A Risk-based Audit Plan was approved by the Audit and Risk Committee for implementation in the 2023/24 financial year. The Unit provided assurance on key processes including Ethics Management, Performance Information, Human Resource Management, Compliance with laws and regulations, ICT system acquisition, Business Infrastructure Programme, Red Tape Reduction and Craft Customised Sector Programme. The audits also covered follow up on the implementation of previous recommendations and action plans.

The Audit and Risk Committee was in place for the period under review, operated in terms of an approved ARC Charter and in accordance with the requirements of the PFMA (1999) and Treasury Regulations. The objective of the Audit and Risk Committee was to provide oversight over the processes of governance, internal control and risk management in the Department.

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

Name	Qualifications	Internal or external	If internal, position in the Department	Date appointed	Date Resigned	No. of Meetings attended
Zelda Tshabalala	BCom, PGD, MBA	External	–	March 2021	N/A	6/6
Dr Prittish Dala	BCom, MIT, PHD- IT Security	External	–	March 2021	N/A	6/6
Rudzani Rasikhinya	B Com, Hons BCom, HD, CA(SA)	External	–	March 2021	N/A	5/6
Thulisile Manzini	Post Graduate Diploma in Management; Bachelor of Education, Baccalaureus Paedonomiae, and Senior Secondary Teacher's Diploma	Internal	Acting Director-General	July 2023	N/A	3/6

12. AUDIT COMMITTEE REPORT

The report outlines the activities of the Audit and Risk Committee (ARC) for the period ending 31 March 2024 and is informed by the minutes of ARC meetings held during the 2023/24 financial year. The term of office for the ARC ended in March 2024.

Audit Committee responsibility

During the 2023/24 financial year the ARC complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act (PFMA, 1999) and Treasury Regulation 3.1. The ARC adopted appropriate formal terms of reference as its Audit Committee Charter, regulated its affairs in compliance with the Charter and discharged responsibilities as contained therein.

Composition of the Audit and Risk Committee (ARC), meetings and attendance

The ARC consisted of three independent non-executive members who collectively had sufficient qualifications and experience to fulfil their duties. The Acting Director-General served as an executive member of the Committee. Six meetings were held to consider the Audit Assurance, Financial Information, Information Communication Technology, Human Resources, Risk Management, Compliance, Governance and Performance Management for the DSBD. The independent non-executive members attended the six meetings of the ARC for the 2023/24 financial year.

The management team and representatives from the Internal Audit attended ARC meetings. The Committee also met with Internal Auditors, without management being present.

The effectiveness of internal control

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

- Approved the Internal Audit Charter and the risk-based audit plan for 2024/25.
- Reviewed Internal Audit quarterly progress reports against the 2023/24 Audit Plan.
- Reviewed the quarterly financial and performance information of the Department, including interim financial statements.
- Reviewed quarterly reports on the implementation of risk and ethics management.
- Reviewed the quarterly reports on implementation and compliance matters relating to Corporate Governance of Information and Communication Technology, Human Resource Management, and donor funding.
- Reviewed the effectiveness of financial controls and received assurance from management and internal audit.
- Reviewed significant issues raised by the Internal Audit.

The ARC reviewed reports presented by management and reports from internal audit to provide oversight on internal controls.

In-year management and monthly/quarterly reports

The department submitted monthly and quarterly reports to National Treasury as required by the PFMA (1999). Monitoring and reviews of financial, information communication technology, human resources, risk management, compliance, governance, and performance information were completed during the year under review.

Performance management

The ARC reviewed the Department's performance through the quarterly reports submitted by management and audited by Internal Audit.

Risk management

The ARC was responsible for overseeing the implementation of the Risk Management process as required by the PFMA (1999). The Risk and Ethics Management Committee is a key assurance provider to the Audit Committee with regards to the management of risks in the Department. The ARC reviewed the quarterly reports of the Risk Management Committee to exercise oversight on the risk management process.

Internal Audit

The ARC evaluated the performance of Internal Audit and reviewed its quarterly reports. During the quarterly ARC meetings, the Committee noted the completion of all planned audits and that the audit plan was implemented without restrictions.

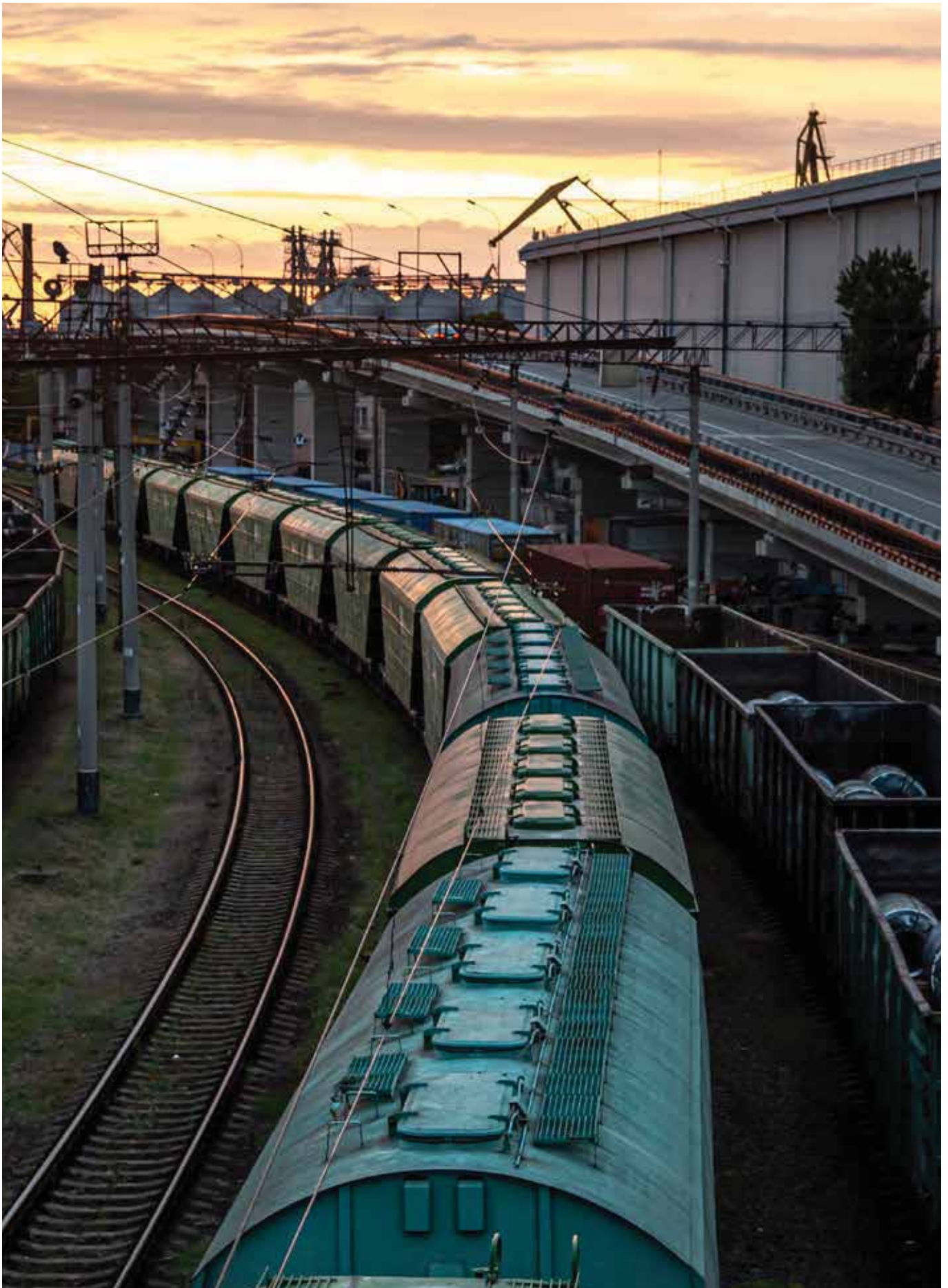
Conclusion

The ARC executed its functions for the 2023/24 financial year as supported by the Executive Authority, Accounting Officer, Management, Internal Audit, the Auditor-General of South Africa (AGSA) and other role players and recorded appreciation for the robust and constructive engagements held in various meetings in the period under review.

13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

Has the Department/Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	The Department is finalising the amendment of the Businesses Act that will determine the licencing framework for SMMEs.
Developing and implementing a preferential procurement policy?	Yes	The Department developed a procurement policy in response to the Constitutional Court judgement on preferential procurement. This policy was approved by the then DSBD DG on 15 December 2022.
Determining qualification criteria for the sale of state-owned enterprises?	No	This does not fall within the ambit of the DSBD's mandate. The DSBD is consolidating its state-owned entities into one and there will be no sale taking place.
Developing criteria for entering into partnerships with the private sector?	No	Private sector partnerships are regulated according to the PFMA (1999) and Treasury regulations. The DSBD always ensures that it abides by the legal framework guiding such partnerships.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	Yes	The incentives, grants, and investments of the DSBD is managed by sefa and they develop the criteria, under the leadership of the DSBD. The criteria are aimed at ensuring that the designated groups – women, youth and persons with disabilities are given access to the support provided by the SBD Portfolio.





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 Service and Administration for all departments in the public service.

2. OVERVIEW OF HUMAN RESOURCES

Provide commentary on the following:

2.1. The status of human resources in the Department

In order to maintain a stable and agile work environment, the Department implemented the approved structure, creating 88 new posts and filling existing vacancies. A Recruitment Plan was created with the goal of significantly lowering the vacancy rate, allowing the Department to employ 110 new staff to reduce workload demands, resulting in an 11.8% decrease in vacancy rate for 2023/24 financial year.

In striving for a representative and diverse workforce, the Department has maintained the representation of women in senior management positions above 50%, reaching 53.7% representation by the end of the reporting period. The first year of implementing the recruitment strategy for persons with disabilities, the representation of PWDs within DSBD has increased to 3.7%.

Twelve (12) strategic and top management posts were filled, including two Deputy Director-General positions (Sector Policy and Research; and Enterprise Development Innovation and Entrepreneurship) and the Chief Director: Funding Support. Other SMS positions were in support roles such as Finance, Corporate Management Services, and Executive Authority Support (Ministry) were also filled.

However, increasing the representation of youth remains a challenge, with youth employment only reaching 22.8%.

The compensation budget of R225.1 million for 2023/24, projected to increase to R262.8 million by 2025/26 was impacted by the unexpected 7.5% cost of living adjustment in April 2023 and 4.7% adjustment for 2024, which might limit the Department to filling only 315 out of 357 posts to stay within the medium-term compensation budget, without additional funding.

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

Priorities for the year under review was firstly the implementation of organisational structure which required creation of 88 new positions and filling vacancies as a matter of urgency.

Secondly, a representative and diverse workforce in respect of women, youth and persons with disabilities was among the top human resources priorities.

Thirdly, the focus was on enhancing internal skills and capabilities through focused training interventions in areas such as business communication, leadership development, knowledge management, policy development, and change management, as well as allocate bursaries aligned with fields like public administration, risk management, finance, and development studies.

The Department successfully implemented training intervention and bursaries to the value of R2.3 million.

Lastly, improved employee wellness and conduct through continuous code of conduct training, Occupational Health and Safety (OHS) related activities as well as support with psycho-social services. Employees we successfully supported through regular code of conduct training and provision of psycho-social services through professional service provider (Lyra Health). In addition, the Department's Disaster Management or Contingency Plan was approved by Tshwane Emergency Services and the Acting Director-General. Subsequently, training of OHS or Wellness Committee role players (First Aiders, Fire Marshalls/Firefighters, SHE Representatives and Wellness Buddies) were also conducted.

Regrettably, filling of new and vacant positions escalated work demands due to insufficient capacity within the Department, with Human Resources spearheading efforts to expedite the filling of these positions.

In respect of creating a diverse workforce, the Department did well however, as indicated above, the representation of youth remains a challenge.

The Department's performance was hindered by cost containment measures, which considerably prolonged the recruitment process.

The Department's recruitment plan which was aimed at substantially lowering the vacancy rate to alleviate workload pressures escalated work demands across the Department during the recruitment and selection phase, with Human Resources spearheading efforts to expedite the filling of positions.

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

Key strategies to attract and recruit a skilled and capable workforce included the sourcing service providers to aid in response handling and personnel suitability checks, thus alleviating the workload during the recruitment and selection process. These providers assisted the Department in identifying and sourcing the most qualified candidates for specific positions.

A strategy for recruiting persons with disabilities to increase their representation within the Department was implemented.

Enhance internal skills and capabilities through focused training and provision of bursaries in line with the Departmental priorities.

To prioritise the approval of the Youth Attraction Strategy to aid in the recruitment of young individuals. This strategy will include recruitment through internship development programs and a review of entry requirements for entry-level positions. Additionally, there are difficulties in enhancing youth representation and addressing compensation levels for specialised areas like Business Analysts and Software Engineering, making recruitment challenging. Turnaround times in the recruitment and selection process are hampered by workload levels, and there are budgetary constraints concerning service providers.

2.4 Employee performance management

The Department sustained improved performance management practices during the reporting period with four recorded cases of non-compliance registered in respect of the submission of performance agreements; and was once more able to successfully conclude all moderations and processing of outcomes during the financial year under review.

2.5 Employee wellness programmes

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

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

In the 2023/24 period, all three planned targets were successfully achieved, marking a 100% success rate. Notable accomplishments include a significant 11.8% reduction in the vacancy rate, maintaining female representation in senior management positions above 50%, and increasing the employment of persons with disabilities to 3.7%.

Challenges persist in implementing the organisational structure due to cost containment measures and sustained high workloads. Additionally, there are difficulties in enhancing youth representation and addressing compensation levels for specialised areas like Business Analysts and Software Engineering, making recruitment challenging. Turnaround times in the recruitment and selection process are hampered by workload levels, and there are budgetary constraints concerning service providers.

Future plans entail the continuation of hybrid working arrangements to tackle office accommodation challenges and provide flexibility for remote, blended, and in-office work. Training priorities will emphasise leadership development and governance. The Department will also focus on business process improvement, organisational functionality assessment, and evaluating the implemented structure.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1. Personnel related expenditure

The following tables summarises the final 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 allowances and medical aid.

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2023 and 31 March 2024

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	⁸ 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)
SBD: ADMINISTRATION	128 131	81 229	2 296	1 027	63.4%	606
SBD: SECTOR & MARKET DEVELOPMENT	127 600	42 886	0	1 547	33.6%	840
SBD: DEVELOPMENT FINANCE	790 455	32 005	0	0	4.0%	842
SBD: ENTERPRISE DEVELOPMENT	1 438 640	25 332	0	3 113	1.8%	649
Total	2 484 827	181 452	2 296	5 687	7.3%	693

Table 3.1.2 Personnel costs by salary band for the period 1 April 2023 and 31 March 2024

Salary band	Personnel expenditure (R'000)	% of total personnel cost	⁹ No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	162	0.1%	1	162
Skilled (level 3-5)	6 842	3.8%	26	263
Highly skilled production (levels 6-8)	36 539	20.1%	78	468
Highly skilled supervision (levels 9-12)	78 342	43.2%	100	783
Senior and Top management (levels 13-16)	57 928	31.9%	42	1 379
Other: Interns	1 639	0.9%	15	109
Total	181 452	100%	262	693

⁸ Training Budget is centralised in Programme 1: Administration

Expenditure for Training includes Bursary Expenditure

⁹ Number of employees was determined in line with the number of employees that worked for a 12 month period to provide an accurate average salary.

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2023 and 31 March 2024

Programme	10Salaries		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
SBD: ADMINISTRATION	54 290	66.8%	1 083	1.3%	1 189	1.5%	1 992	2.5%
SBD: SECTOR & MARKET DEVELOPMENT	30 388	70.9%	1	0.002%	593	1.4%	1 050	2.4%
SBD: DEVELOPMENT FINANCE	22 951	71.7%	15	0.05%	372	1.2%	862	2.7%
SBD: ENTERPRISE DEVELOPMENT	17 853	70.5%	0	0.0%	246	1.0%	524	2.1%
Total	125 481	69.2%	1 099	0.6%	2 401	1.3%	4 430	2.4%

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2023 and 31 March 2024

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)	120	74.1%	0	0.0%	0	0.0%	0	0.0%
Skilled (level 3-5)	4 726	69.1%	76	1.1%	165	2.4%	261	3.8%
Highly skilled production (levels 6-8)	26 210	71.7%	790	2.2%	1 339	3.7%	2 200	6.0%
Highly skilled supervision (levels 9-12)	55 998	71.5%	209	0.3%	835	1.1%	1 413	1.8%
Senior management (level 13-16)	36 814	63.6%	0	0.0%	62	0.1%	556	1.0%
Other: Interns	1 613	98.4%	24	1.5%	0	0.0%	0	0.0%
Total	125 481	69.2%	1 099	0.6%	2 401	1.3%	4 430	2.4%

10 Salaries reflect basic salary and no other wages or benefits

3.2. Employment and Vacancies

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

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

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations (see definition in notes below).

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

Table 3.2.1 Employment and vacancies by programme as on 31 March 2024

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
SBD: ADMINISTRATION	126	109	13.5%	31
SBD: SECTOR & MARKET DEVELOPMENT	88	58	34.1%	4
SBD: DEVELOPMENT FINANCE	39	34	12.8%	0
SBD: ENTERPRISE DEVELOPMENT	46	27	41.1%	9
Total	299	228	23.7%	44

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2024

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	3	3	0.0%	0
Skilled (3-5)	15	13	13.3%	16
Highly skilled production (6-8)	100	80	29.9%	20
Highly skilled supervision (9-12)	130	93	28.5%	6
Senior management (13-16)	51	39	23.5%	2
Total	299	228	23.7%	44

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2024

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related	39	36	7.7%	2
Architects Town & Traffic Planners	2	2	0.0%	0
Communication & Information Related	3	2	33.3%	2
Economists	2	0	100%	0
Finance & Economics Related	4	3	25.0%	0
Financial & Related Professionals	12	7	41.7%	1
Financial Clerks & Credit Controllers	6	5	16.7%	1
Food Services Aids & Waiters	2	2	0.0%	0
Head of Department / Chief Executive Officer	1	0	100%	0
Household & Laundry Workers	4	4	0.0%	0
Human Resource Practitioner	8	7	12.5%	3
Human Resources & Organisational Development & Related Professionals	5	5	0.0%	0
Human Resources Related	9	9	0.0%	2
Information Technology Related	4	2	50.0%	1
Language Practitioners Interpreters & Other Communicators	4	4	0.0%	1
Legal Related	3	3	0.0%	0
Light Vehicle Drivers	1	1	0.0%	0
Logistical Support Personnel	5	5	0.0%	0
Messengers Porters & Deliverers	1	1	0.0%	0
Middle Manager: Finance & Economics Related	8	8	0.0%	0
Middle Manager: Communication & Information Related	2	2	0.0%	0
Occupational / Job Analyst	1	1	0.0%	0
Other Administrative Policy & Related Officers	0	0	0.0%	1
Personal Assistant	7	5	28.6%	0
Policy Analyst	0	0	0.0%	1
Receptionist (General)	0	0	0.0%	1
Risk Management & Security Services	7	7	0.0%	3
Secretaries & Other Keyboard Operating Clerks	4	3	25.5%	0
Security Officers	0	0	0.0%	13
Senior Managers	50	39	22.0%	2
Trade/Industry Advisers & Other Related Profession	105	65	38.1%	10
Total	299	228	23.7%	44

Notes

- The CORE classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation –
 - (a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
 - (b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
 - (c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
 - (d) in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

3.3. Filling of SMS Posts

The tables in this section provide information on 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 posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 3.3.1 SMS post information as on 31 March 2024

SMS Level	Total number of funded SMS posts	¹¹ 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%
Salary Level 16	0	0	0.0%	0	0.0%
Salary Level 15	3	2	66.7%	1	33.3%
Salary Level 14	11	9	81.8%	2	18.2%
Salary Level 13	36	28	77.8%	8	22.2%
Total	51	39	76.5%	12	23.5%

Table 3.3.2 SMS post information as on 30 September 2023

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/Head of Department	1	0	0.0%	1	100%
Salary Level 16	0	0	0.0%	0	0.0%
Salary Level 15	3	1	33.3%	2	66.7%
Salary Level 14	11	7	63.6%	4	36.4%
Salary Level 13	36	26	72.2%	10	27.8%
Total	51	34	66.7%	17	33.3%

¹¹ Two Directors employed additional to the establishment do not form part of this information.

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2023 and 31 March 2024

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	1	0	0
Salary Level 16	0	0	0
Salary Level 15	2	0	0
Salary Level 14	0	1	0
Salary Level 13	4	3	1
Total	7	4	1

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 2023 and 31 March 2024

Reasons for vacancies not advertised within six months
CD: Positions: Lengthy turnaround times during approval process.
Director Positions: Lengthy turnaround times during approval and delays due to appeals registered during the matching and placement on the structure.
Reasons for vacancies not filled within twelve months
DDG Position: Suitable candidate could not be found. Headhunting process unfolded.
CD: Positions: Lengthy turnaround times during recruitment and selection process and not sufficient internal capacity for recruitment and selection panels.
Director Positions: Lengthy turnaround times during recruitment and selection process, not sufficient internal capacity for recruitment and selection panels, delays due to appeals registered during the matching and placement on the structure.

Notes

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.3, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes.

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 2023 and 31 March 2024

Reasons for vacancies not advertised within six months
None
Reasons for vacancies not filled within six months
None

Notes

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.2, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes. In the event of non-compliance with this regulation, the relevant executive authority or head of department must take appropriate disciplinary steps in terms of section 16A(1) or (2) of the Public Service Act.

3.4. Job Evaluation

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

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2023 and 31 March 2024

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	3	0	0.0%	0	0.0%	0	0.0%
Skilled (Levels 3-5)	15	0	0.0%	0	0.0%	0	0.0%
Highly skilled production (Levels 6-8)	100	66	66.0%	0	0.0%	9	13.6%
Highly skilled supervision (Levels 9-12)	130	45	34.6%	0	0.0%	22	48.9%
Senior Management Service Band A	36	5	13.9%	0	0.0%	0	0.0%
Senior Management Service Band B	11	0	0.0%	0	0.0%	0	0.0%
Senior Management Service Band C	3	0	0.0%	0	0.0%	0	0.0%
Senior Management Service Band D	1	1	100%	0	0.0%	0	0.0%
Total	299	117	39.1%	0	0.0%	31	26.5%

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

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2023 and 31 March 2024

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0

Employees with a disability	0
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The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2023 and 31 March 2024

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Administrative Related	1	11	12	Appointed in 2015 on SL12.
Middle Manager: Finance & Economics Related	5	11	12	5 Transfers to DSBD in 2015 on SL12. 1 Grade progression in 2017.
Middle Manager: Communication & Information Related	1	11	12	Transferred to DSBD in 2015 on SL12.
Trade/Industry Advisers & Other Related Professionals	9	11	12	6 Transfers to DSBD in 2015 on SL12. 2 Grade progressions in 2017. 1 Appointment on in 2015 on SL12.
Communication & Information Related	1	9	10	Transferred to DSBD in 2015 on SL10.
Trade/Industry Advisers & Other Related Professionals	5	9	10	5 Transfers to DSBD in 2015 on SL10.
Administrative Related	1	7	8	Transferred to DSBD in 2015 on SL8.
Personal Assistant	4	7	8	3 Transfers to DSBD in 2015 on SL8 1 Appointment in 2016 on SL8.
Risk Management & Security Services	1	7	8	Transferred to DSBD in 2015 on SL8.
Administrative Related	3	6	7	3 Transfers to DSBD in 2015 on SL8.
Messengers Porters & Deliverers	1	2	3	Transferred to DSBD in 2015 on SL3.
Food Services Aids & Waiters	1	2	3	Appointed in 2015 on SL3.
Total number of employees whose salaries exceeded the level determined by job evaluation				33
Percentage of total employed				12.1%

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

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2023 and 31 March 2024

Gender	African	Asian	Coloured	White	Total
Female	20	0	1	1	22
Male	10	0	1	0	11
Total	30	0	2	1	33
Employees with a disability	1	0	0	0	1

Notes

- If there were no cases where the salary levels were higher than those determined by job evaluation, keep the heading and replace the table with the following:

Total number of Employees whose salaries exceeded the grades determine by job evaluation	None
--	------

3.5 Employment Changes

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

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2023 and 31 March 2024

Salary band	Number of employees at beginning of period-1 April 2023	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	2	1	2	100%
Skilled (Levels 3-5)	22	18	5	22.7%
Highly skilled production (Levels 6-8)	67	26	9	13.4%
Highly skilled supervision (Levels 9-12)	73	47	23	31.5%
Senior Management Service Bands A	24	8	3	12.5%
Senior Management Service Bands B	8	2	1	12.5%
Senior Management Service Bands C	0	2	0	0.0%
Senior Management Service Bands D	1	0	1	100%
Contracts (Interns)	12	5	2	16.7%
Total	209	110	46	22.0%

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2023 and 31 March 2024

Critical occupation	Number of employees at beginning of period-April 2023	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative Related	26	11	3	11.5%
Architects Town and Traffic Planners Permanent	0	2	0	0.0%
Communication and Information Related	4	0	0	0.0%
Economists	1	0	0	0.0%
Finance and Economics	4	0	1	25.0%
Financial and Related Professionals	4	5	3	75.0%

Critical occupation	Number of employees at beginning of period-April 2023	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Financial Clerks and Credit Controllers	8	1	1	12.5%
Food Services Aids and Waiters	4	1	2	50.0%
Head of Department/Chief Executive Officer	1	0	1	100%
Household and Laundry Workers	4	2	2	50.0%
Human Resources & Organisational Development & Related Professionals	6	2	0	0.0%
Human Resources Clerks	1	0	0	0.0%
Human Resources Related	11	7	2	18.2%
Information Technology Related	1	1	0	0.0%
Language Practitioners Interpreters & Other Communicators	0	7	2	28.6%
Legal Related	3	0	0	0.0%
Light Vehicle Drivers	3	0	2	66.7%
Logistical Support Personnel	4	1	0	0.0%
Messengers Porters and Deliverers	1	0	0	0.0%
Middle Manager: Human Resource & Organisational Development Related	0	1	0	0.0%
Middle Manager: Administrative Related Permanent	0	1	0	0.0%
Middle Manager: Finance And Economics Related Permanent	0	1	0	0.0%
Occupational/ Job Analyst	0	1	0	0.0%
Other Administrative Policy and Related Officers	1	0	0	0.0%
Policy Analyst	0	1	0	0.0%
Receptionist (General) Permanent	0	1	0	0.0%
Risk Management and Security Services	7	3	2	28.6%
Secretaries & Other Keyboard Operating Clerks	20	2	4	20.0%
Security Officers	0	13	0	0.0%
Senior Managers	32	12	4	12.5%
Trade/Industry Advisers & Other Related Professionals	63	33	16	25.4%
Total	209	109	46	22.0%

Notes

- The CORE classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation –
 - (a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
 - (b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;

- (c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
- (d) in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

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 2023 and 31 March 2024

Termination Type	Number	% of Total Resignations
Death	0	0
Resignation	17	36,9%
Expiry of contract	23	50%
Dismissal – operational changes	0	0
Dismissal – misconduct	1	2,2%
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	0	0
Transfer to other Public Service Departments	5	10,9%
Other	0	0
Total	32	100%
Total number of employees who left as a % of total employment	46	22.0%

Table 3.5.4 Promotions by critical occupation for the period 1 April 2023 and 31 March 2024

Occupation	Employees 1 April 2023	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	25	2	8	16	64
Communication and Information Related	4	0	0	1	25
Economists	1	1	100	0	0
Finance and Economics Related	4	0	0	2	50
Finance Clerk	0	2	0	0	0
Financial and Related Professionals	4	1	25	1	25
Financial Clerks and Credit Controllers	7	0	0	2	29
Food Services Aids and Waiters	4	0	0	1	25
General Legal Administration & Rel. Professionals	0	0	0	1	0
Head Of Department/Chief Executive Officer	1	0	0	0	0
Household And Laundry Workers	4	0	0	0	0
Human Resources & Organisational Development & Related Professional	6	0	0	4	67

Occupation	Employees 1 April 2023	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
Human Resources Clerks	1	0	0	1	100
Human Resources Related	1	0	0	0	42
Information Technology Related	1	0	0	0	0
Language Practitioners Interpreters & Other Communicators	2	1	50	0	0
Legal Related	3	0	0	1	33
Light Vehicle Drivers	3	0	0	1	33
Logistical Support Personnel	4	0	0	4	100
Material-Recording and Transport Clerks	0	0	0	1	0
Messengers Porters and Deliverers	1	0	0	1	100
Middle Manager: Finance and Economics Related	0	1	0	0	0
Not available	1	0	0	0	0
Other Administrative Policy and Related Officers	1	0	0	0	0
Other Middle Manager	0	1	0	0	0
Risk Management and Security Services	7	3	43	2	29
Secretaries & Other Keyboard Operating Clerks	21	0	0	10	48
Senior Managers	34	3	9	20	59
Trade/Industry Advisers & Other Related Profession	64	8	12	34	53
Total	215	23	11	108	50

Table 3.5.5 Promotions by salary band for the period 1 April 2023 and 31 March 2024

Salary Band	Employees 1 April 2023	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)	2	0	0	0	0
Skilled (Levels 3-5)	21	0	0	10	83
Highly skilled production (Levels 6-8)	70	7	10	37	54
Highly skilled supervision (Levels 9-12)	74	12	18	40	60
Senior Management (Level 13-16)	35	4	30	21	70
Total	215	23	10,7	108	50

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 2024

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	16	1	2	0	19	1	0	2	41
Professionals	54	2	0	1	78	1	0	2	138
Technicians and associate professionals	11	0	1	0	28	0	0	0	40
Clerks	7	0	0	0	17	1	0	0	25
Service and sales workers	11	0	0	0	9	0	0	0	20
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	1
Elementary occupations	1	0	0	0	6	0	0	0	7
Total	101	3	3	1	157	3	0	4	272
Employees with disabilities	3	0	0	1	6	0	0	0	10

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2024

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	2	0	0	0	2
Senior Management	16	1	2	0	17	1	0	2	39
Professionally qualified and experienced specialists and mid-management	36	2	0	1	58	1	0	1	99
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	32	0	0	0	66	1	0	1	100
Semi-skilled and discretionary decision making	17	0	1	0	13	0	0	0	31
Unskilled and defined decision making	0	0	0	0	1	0	0	0	1
Total	101	3	3	1	157	3	0	4	272

Table 3.6.3 Recruitment for the period 1 April 2023 to 31 March 2024

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	2	0	0	0	2
Senior Management	5	0	1	0	3	0	0	1	10
Professionally qualified and experienced specialists and mid-management	19	0	0	1	26	0	1	0	47
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	13	0	0	0	18	0	0	0	31
Semi-skilled and discretionary decision making	11	0	0	0	7	0	0	0	18
Unskilled and defined decision making	0	0	0	0	1	0	0	0	1
Total	48	0	1	1	58	0	1	1	110
Employees with disabilities	0	0	0	1	2	0	0	0	3

Table 3.6.4 Promotions for the period 1 April 2023 to 31 March 2024

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	1	0	0	0	1
Professionally qualified and experienced specialists and mid-management	1	0	0	0	2	1	0	0	4
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	4	0	0	0	5
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	2	0	0	0	7	1	0	0	10
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5 Terminations for the period 1 April 2023 to 31 March 2024

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	2	0	0	0	2	0	0	0	4
Professionally qualified and experienced specialists and mid-management	13	0	0	0	9	0	1	0	23
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	5	0	0	0	6	0	0	0	11
Semi-skilled and discretionary decision making	2	0	0	0	3	0	0	0	5
Unskilled and defined decision making	0	0	0	0	2	0	0	0	2
Total	23	0	0	0	22	0	1	0	46
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2023 to 31 March 2024

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
	2	0	0	0	2	0	0	0	4

Table 3.6.7 Skills development for the period 1 April 2023 to 31 March 2024

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	7	1	1	0	10	1	0	0	20
Professionals	17	1	0	1	27	1	0	1	48
Technicians and associate professionals	13	0	0	0	23	1	0	0	37
Clerks	4	0	1	0	5	0	0	0	10
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

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	41	2	2	1	65	3	0	1	115
Employees with disabilities	3	0	0	1	4	0	0	0	8

3.7. Signing of Performance Agreements by SMS Members

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

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2023

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	0	0%
Salary Level 16	0	0	0	0%
Salary Level 15	3	0	0	0%
Salary Level 14	10	8	8	100%
Salary Level 13	31	23	21	91%
Total	45	32	29	90%

Notes

- In the event of a National or Provincial election occurring within the first three months of a financial year all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place. For example, if elections took place in April, the reporting date in the heading of the table above should change to 31 July 2024.

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2024

Reasons
The Director-General has been transferred to another Department.
The Acting Director-General has been seconded from another Department from July 2023. No PA has yet been received despite follow-ups.
Late submission for two (2) SMS - one submitted 19 June 2023 and another submitted 27 July 2023.

Notes

- The reporting date in the heading of this table should be aligned with that of Table 3.7.1.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2024

Reasons
The late submission cases were referred to Employment Relations (ER) for consequence management.
Follow-ups are being made for the PAs of the HoDs.

Notes

- The reporting date in the heading of this table should be aligned with that of Table 3.7.1.

3.8. Performance Rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations (see definition in notes below).

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2023 to 31 March 2024

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

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2023 to 31 March 2024

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
Skilled (level 3-5)	0	0	0	0	0	0
Highly skilled production (level 6-8)	0	0	0	0	0	0
Highly skilled supervision (level 9-12)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2023 to 31 March 2024

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
N/A	0	0	0	0	0
N/A	0	0	0	0	0
N/A	0	0	0	0	0
N/A	0	0	0	0	0
Total	0	0	0	0	0

Notes

- The CORE classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation –
 - (a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
 - (b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
 - (c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
 - (d) in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees;

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2023 to 31 March 2024

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	0	0	0	0	0
Band B	0	0	0	0	0	0
Band C	0	0	0	0	0	0
Band D	0	0	0	0	0	0
Total	0	0	0	0	0	0

3.9 Foreign Workers

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

Table 3.9.1 Foreign workers by salary band for the period 1 April 2023 and 31 March 2024

Salary band	01 April 2023		31 March 2024		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	0	0	0	0	0	0
Highly skilled supervision (Lev. 9-12)	0	0	0	0	0	0
Contract (level 9-12)	0	0	0	0	0	0
Contract (level 13-16)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2023 and 31 March 2024

Major occupation	01 April 2023		31 March 2024		Change	
	Number	% of total	Number	% of total	Number	% Change
None	0	0	0	0	0	0
None	0	0	0	0	0	0

3.10 Leave utilisation

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

Table 3.10.1 Sick leave for the period 1 January 2023 to 31 December 2023

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	0	0	0	0	0	0,00
Skilled (levels 3-5)	73	0	9	0	8	72,00
Highly skilled production (levels 6-8)	228	0	35	0	9	390,00
Highly skilled supervision (levels 9-12)	178	0	37	0	5	530,00
Top and Senior management (levels 13-16)	114	0	17	0	7	575,00
Contract other (Interns)	16	0	6	0	3	7,00
Total	609	0,00	104	0,00	6	1 573,00

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2023 to 31 December 2023

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

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.10.3 Annual Leave for the period 1 January 2023 to 31 December 2023

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	8	1	8
Skilled Levels 3-5)	234	27	23
Highly skilled production (Levels 6-8)	1472	88	24
Highly skilled supervision (Levels 9-12)	1749	106	25
Senior management (Levels 13-16)	846	42	30
Contract other (Interns)	99	15	7
Total	4408	279	16

Table 3.10.4 Capped leave for the period 1 January 2023 to 31 December 2023

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 2024
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	0
Highly skilled supervision (Levels 9-12)	0	0	0	71
Senior management (Levels 13-16)	0	0	0	18
Total	0	0	0	32

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 2023 and 31 March 2024

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2022/23 due to non-utilisation of leave for the previous cycle	9,00	1	9,00
Capped leave payouts on termination of service for 2023/24	0	0	0
Current leave payout on termination of service for 2023/24	582,00	14	42,00
Total	591,00	15	39,00

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	N/A

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
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	√		Mr Alfred Tau - Director: Human Resource Management
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	√		1) The Sub-directorate: EHW is dedicated for Health and Wellness of Employees. 2) The unit comprises of two (2) employees and is supported by an EHW Service Provider Lyra (formerly ICAS) from February 2022, rendering Psycho-Social Counselling 3) The estimated budget for the EHW programme is R290 000.00
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	√		1) A Health Programme has been implemented, focusing on the implementation of the National Health Calendar. 2) Additional awareness / intervention programmes are implemented based on identified themes from services requested by employees, as well as themes based on the psycho-social (counselling) programme. General Health Screening, including HIV/AIDS (HCT) programme to resume during 2024/25 financial year.

Question	Yes	No	Details, if yes
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	√		<p>The Department has an active Health & Wellness Committee, categorised as follows:</p> <p>First Aiders</p> <ol style="list-style-type: none"> 1) Itumeleng Lenkoe 2) Emerencia Fenyane 3) Portia Malatji <p>Fire Fighters/ Fire Marshalls</p> <ol style="list-style-type: none"> 1) Sinamile Cele 2) Jacob Elane 3) Nompembelelo Tetyana <p>Evacuation Officers</p> <ol style="list-style-type: none"> 1) Shirley Maabela (Employee Health and Wellness Programme Manager) 2) Nompumelelo Radebe (Facilities and Auxiliary Services) 3) Rejoyce Maudu (OHS / Wellness Practitioner) 4) Mmapula Monyepao (Facilities Management) 5) Tebogo Maupye (Security Management Manager) 6) Hansraj Kidsingh (Facilities and Security Management Director) <p>Health and Safety Representatives</p> <ol style="list-style-type: none"> 1) Perry Bopape 2) Tsietsi Thinane 3) Gugu Sithole 4) Nyameka Mtirara <p>Wellness Buddies / Peer Educators</p> <ol style="list-style-type: none"> 1) Thandeka Nxumalo 2) Mandla Sithole 3) Tsietsi Thinane <p>Labour Representatives</p> <ol style="list-style-type: none"> 1) Ramadimetja Lekganyane 2) Sylvia Mabusela <p>Employee Relations Representatives</p> <ol style="list-style-type: none"> 1) Thapelo Malete 2) Nompumelelo Botha <p>Additional Member</p> <ol style="list-style-type: none"> 1) Phetheho Podile
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	√		<p>The Department has an approved HIV/AIDS and TB Management Policy in place to ensure employment policies / practices do not unfairly discriminate against employees based on their HIV status.</p>

Question	Yes	No	Details, if yes
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	√		Acts of discrimination are mitigated through conducting quarterly awareness and dialogue / information sessions on the effects of stigmatisation and discrimination. People Living With HIV/AIDS (PLHIV) are also invited to share practical effects and how they overcome. Furthermore, PLHIV are made aware of their rights through available policies (advocacy and awareness). Employees are often encouraged not to label, stigmatise, or discriminate against PLHIV.
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	√		Yes, the quarterly workplace HVI/AIDS (HIV Counselling & Testing - HCT) Screening programme was conducted. Three employees, which accounted for 1.6% of the workforce, disclosed their positive HIV status. No new positive tests were reported for the 2023/2024 Financial Year.
8. Has the Department developed measures/ indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	√		Yes, the Department developed and administered an evaluation template/form following presentations/workshops to determine the impact of its health promotion programme.

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2023 and 31 March 2024

Subject matter	Date
None	
Total number of Collective agreements	

Notes

- If there were no agreements, keep the heading and replace the table with the following:

Total number of Collective agreements	None
--	-------------

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 2023 and 31 March 2024

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	2	50%
Written warning	1	25%
Final written warning	0	0
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	1	25%
Not guilty	0	0
Case withdrawn	0	0
Total	4	100%

Notes

- If there were no agreements, keep the heading and replace the table with the following:

Total number of Disciplinary hearings finalised	None
--	-------------

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2023 and 31 March 2024

Type of misconduct	Number	% of total
Non-compliance Leave policy and PMDS	1	25%
Failure to follow reasonable instruction	2	50%
Gross Insubordination	1	25%
Total	4	100%

Table 3.12.4 Grievances logged for the period 1 April 2023 and 31 March 2024

Grievances	Number	% of Total
Number of grievances resolved	7	87.5
Number of grievances not resolved	1	12.5
Total number of grievances lodged	8	100%

Table 3.12.5 Disputes logged with Councils for the period 1 April 2023 and 31 March 2024

Disputes	Number	% of Total
Number of disputes upheld	3	30%
Number of disputes dismissed	7	70%
Total number of disputes lodged	10	100%

Table 3.12.6 Strike actions for the period 1 April 2023 and 31 March 2024

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

Table 3.12.7 Precautionary suspensions for the period 1 April 2023 and 31 March 2024

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

3.13. Skills development

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

Table 3.13.1 Training needs identified for the period 1 April 2023 and 31 March 2024

Occupational category	Gender	Number of employees as at 1 April 2023	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	25	0	23	0	23
	Male	19	0	18	0	18
Professionals	Female	59	0	20	0	20
	Male	39	0	20	0	20
Technicians and associate professionals	Female	59	0	17	0	17
	Male	26	0	10	0	10
Clerks	Female	23	0	02	0	02
	Male	24	0	01	0	01
Service and sales workers	Female	0	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	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	166	0	62	0	62
	Male	108	0	49	0	49
Total		274	0	111	0	111

Table 3.13.2 Training provided for the period 1 April 2023 and 31 March 2024

Occupational category	Gender	Number of employees as at 1 April 2023	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	25	0	11	0	11
	Male	19	0	09	0	09
Professionals	Female	59	0	29	0	29
	Male	39	0	19	0	19
Technicians and associate professionals	Female	59	0	24	0	24
	Male	26	0	13	0	13
Clerks	Female	23	0	05	0	05
	Male	24	0	05	0	05
Service and sales workers	Female	0	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	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	166	0	69	0	69
	Male	108	0	46	0	46
Total		274	0	115	0	115

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 2023 and 31 March 2024

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	0	0

3.15. Utilisation of Consultants

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

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

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2023 and 31 March 2024

Project title	Total number of consultants that worked on project	Duration (workdays)	Contract value in Rand
Employee and Organisation Enhancement counselling services	1	348	131 792.87
Recruitment conducting personnel suitability checks	2	365	12 278.00
Recruitment conducting personnel suitability checks	2	365	103 464.39
Recruitment conducting personnel suitability checks	2	334	155 094.50
Recruitment conducting personnel suitability checks	1	515	16 623.25
Recruitment conducting personnel suitability checks	1	665	296 991.23
Contractors Transportation Relocation	1	30	100 226.10
Audit Committee Fee	3	11	229 469.07
Conducting Competency Assessments for employees	1	15	53 346.00
Competency Assessment for SMS	1	15	28 006.65
Recruitment Response Handling HR	1	30	10 005.00
Competency Assessment for SMS	1	15	28 006.65
Appointment of service provider for the Incorporation of sefa and the CBDA into the Seda.	8	104	1 356 092.04
Advisory consulting services red tape reduction indicators	1	455	127 650.00
Impact evaluation peer review advisory consulting services red tape reduction indicators	1	183	27 600.00
Cannabis consultant	7	1 550	2 000 000.01
Advisory consulting services red tape reduction indicators	6	348	1 241 977.00
Contractors: Casual Labourers	1	30	8 112.61
Audio-Visual Service	1	30	70 012.88
Event Promoters	1	30	100 000.00
Legal Services Advice/State Attorney	16	348	1 669 692.33

Total number of projects	Total individual consultants	Total duration Workdays	Total contract value in Rand
21	59	5 786	7 766 440.58

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDI) for the period 1 April 2023 and 31 March 2024

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Employee and Organisation Enhancement counselling services	Level 1	25.71% Black Ownership 11.53% Black Female	1
Recruitment conducting personnel suitability checks	Level 1	100% Black Male	1
Recruitment conducting personnel suitability checks	Level 1	100% Black Male	1
Recruitment conducting personnel suitability checks	Level 1	100% Black Male	1
Recruitment conducting personnel suitability checks	Level 1	100% Black Male	1
Recruitment conducting personnel suitability checks	Level 1	100% Black Male	1
Contractors Transportation Relocation	NONE	NON SMME	1
Audit Committee Fee	NONE	NON SMME	1
Conducting Competency Assessments for employees	Level 1	100% Black Male	1
Competency Assessment for SMS	Level 1	100% Black Male	1
Recruitment Response Handling HR	Level 1	100% Black Male	1
Competency Assessment for SMS	Level 1	100% Black Male	1
Appointment of service provider for the Incorporation of sefa and the CBDA into the Seda.	NONE	NON SMME	1
Advisory consulting services red tape reduction indicators	Level 2	70.50% black male	1
Advisory consulting services red tape reduction indicators	NONE	NON SMME	1
Advisory consulting services red tape reduction indicators	Level 1	100% Black Male	1
Contractors: Casual Labourers	NONE	NON SMME	1
Audio-Visual Service	NONE	NON SMME	1
Event Promoters	NONE	NON SMME	1
Legal Services Advice/State Attorney	NONE	NON SMME	1

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2023 and 31 March 2024

Project title	Total Number of consultants that worked on project	Duration (Workdays)	Donor and contract value in Rand
Project Management	2	348	1 067 060.25
Provision of specific remedies, options and reforms for priority Regulatory Impediments affecting SMME growth	1	182.5	1 053 298.40
Adversary Longitudinal Study on SMMEs and Co-operatives in SA for a period from 2021 to 2024 (DSBD Research 002/2021)	2	348	717 248.03
Appointment of a service provider to conduct Incubators Support Programme (ISP) Evaluation	9	240	683 918.00
Advisory consulting services red tape reduction indicators	1	455	827 310.00
Food safety and nutritional analysis for SMME	4	69	821 777.99
Advisory consulting services red tape reduction indicators	1	30	153 016.00
Provide advice and options on technical ICT frameworks to be utilized for development and piloting of a PASP Visual Boards Tool in 3 KZN municipalities	1	60	30 544.00
Total number of projects	Total individual consultants	Total duration Workdays	Total contract value in Rand
8	21	1 733	5 354 172.67

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDI) for the period 1 April 2023 and 31 March 2024

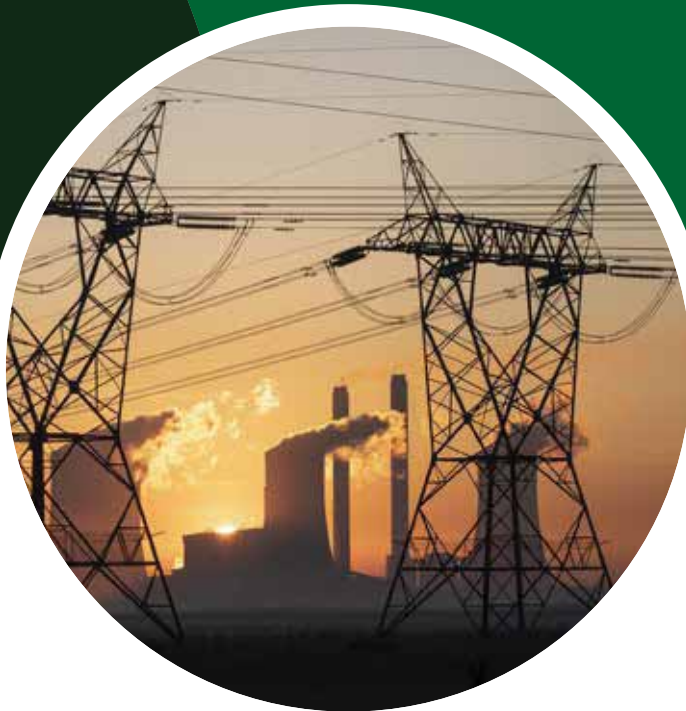
Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Project Management	NONE	NON SMME	1
Provision of specific remedies, options and reforms for priority Regulatory Impediments affecting SMME growth	Level 1	49% white male 51% coloured black male	1
Provision of specific remedies, options and reforms for priority Regulatory Impediments affecting SMME growth	Level 2	49 % white Female and 51% Family trust	1
Appointment of a service provider to conduct Incubators Support Programme (ISP) Evaluation	Level 1	100% Black Female	1
Advisory consulting services red tape reduction indicators	NONE	NON SMME	1
Advisory consulting services red tape reduction indicators	NONE	NON SMME	1
Provide advice and options on technical ICT frameworks to be utilized for development and piloting of a PASP Visual Boards Tool in 3 KZN municipalities	NONE	NON SMME	1

3.16. Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2023 and 31 March 2024

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





PART E

PFMA COMPLIANCE REPORT

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

1.1. Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	655	0
Adjustment to opening balance	0	655
Opening balance as restated	0	0
Add: Irregular expenditure confirmed	88	0
Less: Irregular expenditure condoned	0	0
Less: Irregular expenditure not condoned and removed	0	0
Less: Irregular expenditure recoverable ⁸	0	0
Less: Irregular expenditure not recoverable and written off	0	0
Closing balance	743	655

The determination has been finalised- consequence management is underway.

Reconciling notes

Description	2023/2024	2022/2023 ⁹
	R'000	R'000
Irregular expenditure that was under assessment	-	-
Irregular expenditure that relates to the prior year and identified in the current year	-	-
Irregular expenditure for the current year	88	-
Total	88	-

b) Details of irregular expenditure (under assessment, determination, and investigation)

Description ¹⁰	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	-
Total	-	-

Assessments being undertaken.

⁸ Transfer to receivables

⁹ Record amounts in the year in which it was incurred

¹⁰ Group similar items

c) Details of irregular expenditure condoned

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure condoned	-	-
Total	-	-

Include discussion here where deemed relevant.

d) Details of irregular expenditure removed - (not condoned)

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure NOT condoned and removed	-	-
Total	-	-

Include discussion here where deemed relevant.

e) Details of irregular expenditure recoverable

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure recoverable	-	-
Total	-	-

Include discussion here where deemed relevant.

f) Details of irregular expenditure written off (irrecoverable)

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure written off	-	-
Total	-	-

Include discussion here where deemed relevant.

Additional disclosure relating to Inter-Institutional Arrangements**g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)**

Description
Total

Include discussion here where deemed relevant. Not applicable to the DSBD.

h) Details of irregular expenditure cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)¹¹

Description	2023/2024 ¹²	2022/2023
	R'000	R'000
	-	-
	-	-
	-	-
	-	-
Total	-	-

Include discussion here where deemed relevant.

i) Details of disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken

Include discussion here where deemed relevant.

¹¹ Refer to paragraphs 3.12, 3.13 and 3.14 of Annexure A (PFMA Compliance and Reporting Framework) to National Treasury Instruction No. 4 of 2022/2023
¹² Amounts of irregular expenditure related to the current year must be disclosed in the annual financial statements.

1.2. Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	-	-
Adjustment to opening balance	-	-
Opening balance as restated	-	-
Add: Fruitless and wasteful expenditure confirmed	-	-
Less: Fruitless and wasteful expenditure recoverable ¹³	-	-
Less: Fruitless and wasteful expenditure not recoverable and written off	-	-
Closing balance	-	-

Include discussion here where deemed relevant. The DSBD did not incur any fruitless and wasteful expenditure.

Reconciling notes

Description	2023/2024	2022/2023 ¹⁴
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment	-	-
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	-	-
Fruitless and wasteful expenditure for the current year	-	-
Total	-	-

b) Details of fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description ¹⁵	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
Total	-	-

Include discussion here where deemed relevant.

¹³ Transfer to receivables

¹⁴ Record amounts in the year in which it was incurred

¹⁵ Group similar items

c) Details of fruitless and wasteful expenditure recoverable

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure recoverable	-	-
Total	-	-

Include discussion here where deemed relevant.

d) Details of fruitless and wasteful expenditure not recoverable and written off

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure written off	-	-
Total	-	-

Include discussion here where deemed relevant.

e) Details of disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken
Total

Include discussion here where deemed relevant. The DSBD did not incur any fruitless and wasteful expenditure.

1.3. Unauthorised expenditure

a) Reconciliation of unauthorised expenditure

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	N/A	
Adjustment to opening balance	-	-
Opening balance as restated	-	-
Add: unauthorised expenditure confirmed	-	-
Less: unauthorised expenditure approved with funding	-	-
Less: unauthorised expenditure approved without funding	-	-
Less: unauthorised expenditure recoverable ¹⁶	-	-
Less: unauthorised not recoverable and written off ¹⁷	-	-
Closing balance	-	-

Include discussion here where deemed relevant. The DSBD did not incur any unauthorised expenditure.

Reconciling notes

Description	2023/2024	2022/2023 ¹⁸
	R'000	R'000
Unauthorised expenditure that was under assessment	N/A	
Unauthorised expenditure that relates to the prior year and identified in the current year	-	-
Unauthorised expenditure for the current year	-	-
Total	-	-

b) Details of unauthorised expenditure (under assessment, determination, and investigation)

Description ¹⁹	2023/2024	2022/2023
	R'000	R'000
Unauthorised expenditure under assessment	N/A	
Unauthorised expenditure under determination	-	-
Unauthorised expenditure under investigation	-	-
Total	-	-

Include discussion here where deemed relevant.

¹⁶ Transfer to receivables

¹⁷ This amount may only be written off against available savings

¹⁸ Record amounts in the year in which it occurred

¹⁹ Group similar items

1.4. Additional disclosure relating to material losses in terms of PFMA (1999) Section 40(3)(b)(i) &(iii))²⁰

a) Details of material losses through criminal conduct

Material losses through criminal conduct	2023/2024	2022/2023
	R'000	R'000
Theft	-	-
Other material losses	-	-
Less: Recoverable	-	-
Less: Not recoverable and written off	-	-
Total	-	-

Include discussion here where deemed relevant. Not applicable to the DSBD.

b) Details of other material losses

Nature of other material losses	2023/2024	2022/2023
	R'000	R'000
(Group major categories, but list material items)	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
Total	-	-

Include discussion here where deemed relevant and criminal or disciplinary steps taken by the institution. Not applicable to the DSBD.

c) Other material losses recoverable

Nature of losses	2023/2024	2022/2023
	R'000	R'000
(Group major categories, but list material items)	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
Total	-	-

Include discussion here where deemed relevant. Not applicable to the DSBD.

²⁰ Information related to material losses must be disclosed in the annual financial statements.

d) Other material losses not recoverable and written off

Nature of losses	2023/2024	2022/2023
	R'000	R'000
(Group major categories, but list material items)	-	-
	-	-
	-	-
	-	-
	-	-
Total	-	-

Include discussion here where deemed relevant. Not applicable to the DSBD.

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received		
Invoices paid within 30 days or agreed period	11 652	73 369
Invoices paid after 30 days or agreed period	0	0
Invoices older than 30 days or agreed period (unpaid and without dispute)	0	0
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	0

Include reasons for the late and or non-payment of invoices, including reasons that the invoices are in dispute, where applicable.

3. SUPPLY CHAIN MANAGEMENT

3.1. Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Request for approval to deviate from normal procurement processes and appoint The Sparkling Snerry to provide catering services the Departmental Inter provincial task Team taking place in KZN on the 14 of April 2023.	The Sparkling Snerry	Single Source	AI-956276	72.80
Request for approval to deviate from normal procurement process and appoint a service provider National School of government to provide CIP training for DSBD employees	National School of Government	Sole Service provider	OR-001247	5.99
Request for approval to deviate from normal procurement process and appoint a service provider National School of Government to provide CIP training for DSBD employees	National School of Government	Sole Service provider	OR-001245	9.45
Request for approval to deviate from normal procurement process and appoint a service provider National School of Government to provide CIP training for DSBD employees	National School of Government	Sole Service provider	OR-001246	5.99
Request for approval to deviate from normal procurement process and appoint a service provider National School of Government to provide CIP training for DSBD employees	National School of Government	Sole Service provider	OR-001252	89.85
Request for approval to deviate from normal procurement process and appoint a service provider South African Qualification Auth (SAQA) to provide recruitment (SAQA verification) for DSBD employees	South African Qualifications Authority	Sole Service provider	OR-001260	8.46
Request for approval to deviate from normal procurement process and appoint a service provider National School of government to provide CIP training(L6-12) for DSBD employees	National School of Government	Sole Service provider	OR-001258	9.86
Request for approval to deviate from normal procurement process and appoint a service provider National School of government to provide CIP training Level 13-14] Online and Workshop Component for DSBD employees	National School of Government	Sole Service provider	OR-001269	6.52
Request for approval to deviate from normal procurement process and appoint a service provider National School of government to provide CIP training (4-5) for DSBD employees	National School of Government	Sole Service provider	OR-001268	6.25
Request for approval to deviate from normal procurement process and appoint a service provider Psychological Society of South Africa to provide training for DSBD employees	Psychological Society of South Africa	Sole Service provider	OR-001293	9.20
Request for approval to deviate from normal procurement process and appoint a service provider - Exponent. requesting Sign Writing Flow User License for DSBD employees	Exponent	Sole Service provider	OR-001285	34.11

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Request to deviate from normal procurement process and appointment of a service provider Council for Scientific and Industrial research (CSIR) to assist the DSBD in implementing a pilot project for small enterprise development on medicine cannabis and industrial hemp	Council for Scientific and Industrial research (CSIR)	Single Source	MOA	2 000.00
Request for approval to deviate from normal procurement process and appoint a service provider Manufacturing Indaba for DSBD employees	Manufacturing Indaba	Sole Service provider	MOA	32.60
Request for approval to deviate from normal procurement process and appoint a service provider National School of Government to provide CIP training 16 employees for DSBD employees	National School of Government	Sole Service provider	OR-001305	17.54
Request for approval to deviate from normal procurement process and appoint a service provider The Leadership Academy for Guardians for an official of the DBSD to attend training	Leadership academy for guardians of governance	Sole Service provider	OR-001306	17.45
Request for approval to deviate from normal procurement process and appoint a service provider The Leadership Academy for Guardians for an official of the DSBD to attend training	Leadership academy for guardians of governance	Sole Service provider	OR-001307	48.13
Request for approval to deviate from normal procurement process and appoint a service provider National School of Government to provide CIP training employees for DSBD employees	National School of Government	Sole Service provider	OR-001316	13.03
Request for approval to deviate from normal procurement process and appoint a service provider National School of Government to provide CIP training 19 employees for DSBD employees	National School of Government	Sole Service provider	Order in progress	20.82
Request for a service provider Proudly South African (Proudly SA) to deviate from normal bidding process through a MoA between DSBD and its entities.	Proudly South African (Proudly SA)	Single Source	Order in progress	6 000.00
Request for Approval to deviate from normal Procurement processes and appoint infringing to assist the department with facilitation for the red tape reduction inter provincial task team meeting review and workshop.	Infinknight	Single Source	AI-956300	59.34
To request the acting director general to deviate from supply chain procedures and appoint the CTICC caterer for the global entrepreneurship congress + Africa catering in the VIP exhibition area and for delegates.	Cape Town Convention Centre	Single Source	AI-956299	757.73
Total				9 225.13

3.2. Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Provision of Install, Configure, Implement and Maintain a Digital Signature Solution for a Period of 24 Months	Exponent (Pty) Ltd	Expansion	OR-001187	238.05	34.11	34.11
Request for approval to deviate from normal procurement processes and appoint Government Technical Advisory centre (GTAC) to assist the DSBD in implementing the Cabinet approved incorporation of the small enterprise finance agency (sefa) and the cooperatives bank development agency (CBDA) into small enterprise development agency (Seda).	(GTAC) Government technical Advisory Centre	Expansion	MOA	6 319.93	4 607.56	4 607.56
Conduction a Longitudinal Study of SMMEs and Co-operatives in South Africa covering the period 2021-2024.	Mthente Research and Consulting Services	Variation	OR-001112	2 080.30	131.39	131.39
Total						4 773.06



PART F

FINANCIAL INFORMATION

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Department of Small Business Development (DSBD) set out on pages 153 to 200 which comprise the appropriation statement, statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the DSBD as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standards (MCS) prescribed by the National Treasury (NT) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

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

Other matter

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

Unaudited supplementary schedules

7. The supplementary information set out on pages 201 to 213 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 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's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations or has no realistic alternative but to do so.

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

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. This description, which is located at page 150, forms part of our auditor's report.

Report on the audit of the annual performance report

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
13. I selected the following programmes presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected programmes that measures the department's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 2: Sector and Market Development	46 – 53	To facilitate and increase access to markets for SMMEs through business information, product development support and value chain integration.
Programme 4: Enterprise Development	61 – 65	To oversee the promotion of an ecosystem that enhances entrepreneurship and the establishment, growth and sustainability of small businesses and co-operatives as well as coordinating business development support interventions across various spheres of government.

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

15. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the department's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the department's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
17. I did not identify any material findings on the reported performance information for the selected programmes

Other matter

18. I draw attention to the matter below.

Achievement of planned targets

19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements
20. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 46 to 53.

Programme 2 - Sector and Market Development

Targets achieved: 40%

Budget spent: 84,6%

Key indicator not achieved	Planned target	Reported achievement
Number of Monitoring Reports on the Incubation Support Programme Improvement	2	1
Number of approved business infrastructure for SMMEs and co-operatives refurbished or built.	7	5
Businesses Amendment Bill submitted to the Minister for introduction to Parliament	Businesses Amendment Bill submitted to the Minister for introduction to Parliament	Businesses Amendment Bill was not submitted to the Minister for introduction to Parliament.

Report on compliance with legislation

21. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the department's compliance with legislation.
22. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
23. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the department, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
24. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

25. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
26. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
27. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
30. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria
31 July 2024



Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the department to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 1; 38(1)(b); 38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); Section 38(1)(h)(iii); 38(1)U; 39(1)(a); 39(2)(a); Section 40(1)(a); 40(1)(b); 40(1)(c)(i); 43(1); 43(4); Section 44(1); 44(2); 45(b);
Treasury Regulations, 2005	Regulation 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); Regulation 5.2.3(d); 5.3.1; 6.3.1(a); 6.3.1(b); Regulation 6.3.1(c); 6.3.1(d); 6.4.1(b); 7.2.1 Regulation 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1; 9.1.1; Regulation 9.1.4; 10.1.1(a); 10.1.2; 11.4.1; 11.4.2; Regulation 11.5.1; 12.5.1; 15.10.1.2(c); 16A3.2; Regulation 16A3.2(a); 16A6.1; 16A6.2(a); Regulation 16A6.2(b); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A7.1; 16A7.3; 16A7.6; Regulation 16A7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; Regulation 16A9.2(a)(ii); 16A9.2(a)(iii); 17.1.1; 18.2 Regulation 19.8.4
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Construction Industry Development Board Regulations	Regulations 17; 25(7A)
Division of Revenue Act 5 of 2023	Section 16(1)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Health Act 61 of 2003	Section 13
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury Instruction No 7 of 2017/18	Paragraph 4.3
PFMA National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1(b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4

Legislation	Sections or regulations
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2;
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
State Information Technology Agency Act 88 of 1998	Section 7(3)

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Appropriation per programme									
	2023/24							2022/23	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme									
1. Administration	138 343	-	(2 763)	135 580	128 131	7 449	94.5%	117 676	109 619
2. Sector and Market Development	163 643	-	(12 753)	150 890	127 600	23 290	84.6%	120 670	116 644
3. Development Finance	753 549	-	42 447	795 996	790 455	5 541	99.3%	1 318 484	1 315 286
4. Enterprise Development	1 473 773	-	(26 931)	1 446 842	1 438 640	8 202	99.4%	976 059	972 371
Total	2 529 308	-	-	2 529 308	2 484 827	44 481	98.2%	2 532 889	2 513 921

	2023/24				2022/23	
	Final Budget	Actual Expenditure			Final Budget	Actual Expenditure
TOTAL (brought forward)	R'000	R'000			R'000	R'000
Reconciliation with statement of financial performance						
ADD						
Departmental receipts	2 419				61	
Aid assistance	75 413				58 158	
Actual amounts per statement of financial performance (Total revenue)	2 607 140				2 591 108	
ADD						
Aid assistance		29 041				27 896
Actual amounts per statement of financial performance (Total expenditure)		2 513 868				2 541 817

Appropriation per economic classification									
2023/24								2022/23	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	349 928	(1 718)	(3 778)	344 432	319 866	24 566	92.9%	251 785	236 002
Compensation of employees	203 421	(143)	-	203 278	181 452	21 826	89.3%	158 869	144 430
Goods and services	146 507	(1 575)	(3 778)	141 154	138 413	2 741	98.1%	92 916	91 572
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	2 172 588	145	2 510	2 175 243	2 155 746	19 497	99.1%	2 271 444	2 270 970
Provinces and municipalities									
Departmental agencies and accounts	1 404 783	2	-	1 404 785	1 404 484	301	100.0%	915 777	915 761
Public corporations and private enterprises	759 110	-	2 510	761 620	742 445	19 175	97.5%	1 345 930	1 345 474
Non-profit institutions	8 000	-	-	8 000	8 000	-	100.0%	8 613	8 613
Households	695	143	-	838	817	21	97.5%	1 124	1 121
Payments for capital assets	6 792	321	-	7 113	6 699	414	94.2%	9 660	6 949
Machinery and equipment	6 792	321	-	7 113	6 699	414	94.2%	9 660	6 949
Payments for financial assets	-	1 252	1 268	2 520	2 516	4	99.8%	-	-
Total	2 529 308	-	-	2 529 308	2 484 827	44 481	98.2%	2 532 889	2 513 921

Programme 1: Administration									
2023/24								2022/23	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final Budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Ministry	35 587	2 717	-	38 304	36 838	1 466	96.2%	34 924	32 191
2. Departmental Management	36 278	(155)	(2 663)	33 460	32 713	747	97.8%	31 041	29 567
3. Corporate Services	44 445	(3 503)	(100)	40 842	38 902	1 940	95.2%	31 793	29 722
4. Financial Management	22 033	941	-	22 974	19 679	3 295	85.7%	19 918	18 138
Total for sub programmes	138 343	-	(2 763)	135 580	128 131	7 449	94.5%	117 676	109 619
Economic classification									
Current payments	134 127	(162)	(2 763)	131 202	124 114	7 088	94.6%	112 103	106 748
Compensation of employees	88 174	(21)	-	88 153	81 229	6 924	92.1%	75 161	70 091
Goods and services	45 953	(141)	(2 763)	43 049	42 885	164	99.6%	36 942	36 657
Transfers and subsidies	595	23	-	618	597	21	96.6%	1 024	1 021
Departmental agencies and accounts	-	2	-	2	1	1	50.4%	-	-
Households	595	21	-	616	596	20	96.8%	1 024	1 021
Payments for capital assets	3 621	35	-	3 656	3 319	337	90.8%	4 549	1 850
Machinery and equipment	3 621	35	-	3 656	3 319	337	90.8%	4 549	1 850
Payments for financial assets	-	104	-	104	102	2	97.6%	-	-
Total	138 343	-	(2 763)	135 580	128 131	7 449	94.5%	117 676	109 619

Programme 2: Sector and Market Development									
2023/24								2022/23	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Sector and Market Development	861	(471)	-	390	132	258	33.8%	310	1
2. Business Intelligence and Knowledge Management	27 279	(9 673)	-	17 606	15 945	1 661	90.6%	16 686	16 248
3. Ease of Doing Business	9 369	(755)	-	8 614	7 339	1 275	85.2%	11 022	8 786
4. Access to Market Support	126 134	10 899	(12 753)	124 280	104 185	20 095	83.8%	92 652	91 610
Total for sub programmes	163 643	-	(12 753)	150 890	127 600	23 290	84.6%	120 670	116 644
Economic classification									
Current payments	83 028	(366)	(12 753)	69 909	65 449	4 460	93.6%	42 626	38 610
Compensation of employees	45 208	(80)	-	45 128	42 886	2 242	95.0%	25 471	21 922
Goods and services	37 820	(286)	(12 753)	24 781	22 563	2 218	91.0%	17 155	16 688
Transfers and subsidies	77 874	80	-	77 954	59 128	18 826	75.8%	73 255	73 255
Public corporations and private enterprises	77 786	-	-	77 786	58 961	18 825	75.8%	73 254	73 254
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	88	80	-	168	167	1	99.3%	-	-
Payments for capital assets	2 741	286	-	3 027	3 023	4	99.9%	4 789	4 779
Machinery and equipment	2 741	286	-	3 027	3 023	4	99.9%	4 789	4 779
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	163 643	-	(12 753)	150 890	127 600	23 290	84.6%	120 670	116 644

Programme 3: Development Finance									
2023/24								2022/23	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Development Finance Management	2 392	2 370	-	4 762	4 672	90	98.1%	414	-
2. Model Funding Collaboration	8 090	6 102	-	14 192	14 122	70	99.5%	10 526	9 061
3. Blended Finance	721 632	(9 865)	42 447	754 214	749 685	4 529	99.4%	1 295 922	1 294 916
4. Business Viability	21 435	1 393	-	22 828	21 975	853	96.3%	11 622	11 309
Total for sub programmes	753 549	-	42 447	795 996	790 455	5 541	99.3%	1 318 484	1 315 286
Economic classification									
Current payments	62 112	(420)	38 669	100 361	95 535	4 826	95.2%	35 662	32 937
Compensation of employees	36 769	-	-	36 769	32 005	4 764	87.0%	33 611	31 006
Goods and services	25 343	(420)	38 669	63 592	63 531	61	99.9%	2 051	1 931
Transfers and subsidies	691 161	-	2 510	693 671	693 021	650	99.9%	1 282 698	1 282 227
Departmental agencies and accounts	1 837	-	-	1 837	1 537	300	83.7%	1 409	1 394
Public corporations and private enterprises	681 324	-	2 510	683 834	683 484	350	99.9%	1 272 676	1 272 220
Non-profit institutions	8 000	-	-	8 000	8 000	-	100.0%	8 613	8 613
Payments for capital assets	276	-	-	276	212	64	76.6%	124	122
Machinery and equipment	276	-	-	276	212	64	76.6%	124	122
Payments for financial assets	-	420	1 268	1 688	1 687	1	99.9%	-	-
Total	753 549	-	42 447	795 996	790 455	5 541	99.3%	1 318 484	1 315 286

Programme 4: Enterprise Development									
2023/24								2022/23	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Enterprise Development Management	1 664	330	-	1 994	1 833	161	91.9%	533	288
2. Enterprise and Supplier Development	1 419 526	441	698	1 420 665	1 417 540	3 125	99.8%	928 037	926 565
3. SMME Competitiveness	52 583	(771)	(27 629)	24 183	19 268	4 915	79.7%	47 489	45 519
Total for sub programmes	1 473 773	-	(26 931)	1 446 842	1 438 640	8 202	99.4%	976 059	972 371
Economic classification									
Current payments	70 661	(770)	(26 931)	42 960	34 767	8 193	80.9%	61 394	57 707
Compensation of employees	33 270	(42)	-	33 228	25 332	7 896	76.2%	24 626	21 411
Goods and services	37 391	(728)	(26 931)	9 732	9 435	297	96.9%	36 768	36 296
Transfers and subsidies	1 402 958	42	-	1 403 000	1 403 000	0	100.0%	914 467	914 467
Departmental agencies and accounts	1 402 946	-	-	1 402 946	1 402 946	-	100.0%	914 367	914 367
Households	12	42	-	54	54	0	99.8%	100	100
Payments for capital assets	154	-	-	154	146	8	95.0%	198	197
Machinery and equipment	154	-	-	154	146	8	95.0%	198	197
Payments for financial assets	-	728	-	728	727	1	99.9%	-	-
Total	1 473 773	-	(26 931)	1 446 842	1 438 640	8 202	99.4%	976 059	972 371

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

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

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

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

3. Detail on payments for financial assets

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

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

4.1 Per programme

	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
Programme	R'000	R'000	R'000	%
Administration	135 580	128 131	7 449	5%
Sector and Market Development	150 890	127 600	23 290	15%
Development Finance	795 996	790 455	5 541	1%
Enterprise Development	1 446 842	1 438 641	8 201	1%
Total	2 529 308	2 484 827	44 481	1.8%

4.2 Per economic classification

	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
Economic classification	R'000	R'000	R'000	%
Current payments				
Compensation of employees	203 278	181 452	21 826	11%
Goods and services	141 154	138 413	2 741	2%
Transfers and subsidies				
Departmental agencies and accounts	1 404 785	1 404 484	301	0%
Public corporations and private enterprises	761 620	742 445	19 175	3%
Non-profit institutions	8 000	8 000	-	0%
Households	838	817	21	3%
Payments for capital assets				
Machinery and equipment	7 113	6 700	413	6%
Payments for financial assets	2520	2516	4	0
Total	2 529 308	2 484 827	44 481	1.8%

Compensation of Employees – Accumulated expenditure as at 31 March 2024 amounted to R181.5 million (89.3%) against the final budget of R203.3 million resulting in a variance of R21.8 million (10.7%). The result in underspending is mainly due to the vacancy rate of 24%.

Goods and services – Accumulated expenditure as at 31 March 2024 amounted to R138.4 million (98.1%) against a the final budget of R141.2 million, resulting in a variance of R2.7 million (1.9%). The year-to-date underperformance was mainly on travel and subsistence (R1.3 million) due to cancelled foreign trips for the SMME exposure to international platforms project, and Computer services (R831 thousand) as Microsoft expenditure was expensed monthly than the once-off payment initially projected. The invoice covered twelve months from June 2023 to May 2024.

The cost drivers of Goods and Services expenditure are IMEDP Inventory assets for redistribution (R57.5 million), travel and accommodation for official trips undertaken and SMME exposure to international markets (R31.7 million), Operating Lease for payment of office accommodation (R10.2 million), Administration fees largely for SMME exposure (R5.9 million), Computer services (R4.4 million), Audit cost (R3.4 million), Fleet services (R2.7 million), Venues and facilities (R3.2 million), Operating payments (R2.3 million), Consultants (R5.7 million), Rental and Hiring (R1.7 million), property payments (R1.5 million), Legal costs (R1.7 million), Bursaries (R1.4 million), Catering (R1.1 million), as well as Training and development (R983 thousand).

Capital assets – Accumulated expenditure as at 31 March 2024 amounted to R6.7 million (94.2%) against the final budget of R7.1 million resulting in an underperformance of R414 thousand (5.8%).

Transfer payments – Accumulated Expenditure as at 31 March 2024 amounted to R2.156 billion against the final budget of R2.175 billion which resulted in an under expenditure of R19.5 million (0.9%).

•Product Markets (R18.8 million): Funds not transferred due to tax non-compliance issues for the Northwest Development Corporation (R6.7 million). A payment of R5 million was made to the Manguzi market stalls project instead of the R10 million approved due to the slow progress of the project.

•Craft Customised Sector Programme (CCSP) (R650 thousand): Funds not transferred to Trade and Investment KwaZulu Natal (TIKZN) (R300 thousand) as their co-funding was withdrawn, and to the Feree State Development Corporation (FDC) (R350 thousand) due to compliance issues

Annual Financial Statements for the year ended 31 March 2024*Statement of Financial Performance*

	Note	2023/24	2022/23
		R'000	R'000
REVENUE			
Annual appropriation	1	2 529 308	2 532 889
Departmental revenue	2	2 419	61
Aid assistance	3	75 413	58 158
TOTAL REVENUE		2 607 140	2 591 108
EXPENDITURE			
Current expenditure			
Compensation of employees	4	181 452	144 430
Goods and services	5	138 413	91 572
Aid assistance	3	8 974	5 393
Total current expenditure		328 839	241 395
Transfers and subsidies			
Transfers and subsidies	7	2 155 746	2 270 970
Aid assistance	3	9 207	15 608
Total transfers and subsidies		2 164 953	2 286 578
Expenditure for capital assets			
Tangible assets	8	6 700	6 949
Intangible assets	8	10 860	6 895
Total expenditure for capital assets		17 560	13 844
Payments for financial assets	6	2 516	-
TOTAL EXPENDITURE		2 513 868	2 541 817
SURPLUS FOR THE YEAR		93 272	49 291

Reconciliation of Net Surplus for the year

Voted funds		44 481	18 968
Annual appropriation		44 481	18 968
Statutory appropriation		-	-
Conditional grants		-	-
Departmental revenue and NRF receipts	13	2 419	61
Aid assistance	3	46 372	30 262
SURPLUS FOR THE YEAR		93 272	49 291

	Note	2023/24	2022/23
		R'000	R'000
ASSETS			
Current assets		93 216	63 031
Cash and cash equivalents	9	69 168	46 535
Prepayments and advances	10	23 922	16 301
Receivables	11	126	195
Non-current assets		31	2 424
Prepayments and advances	10	-	-
Receivables	11	31	2 424
TOTAL ASSETS		93 247	65 455
LIABILITIES			
Current liabilities		93 227	63 261
Voted funds to be surrendered to the Revenue Fund	12	44 481	18 968
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	2 310	3
Payables	14	64	14 028
Aid assistance repayable	3	46 372	30 262
Non-current liabilities			
Payables		-	-
TOTAL LIABILITIES		93 227	63 261
NET ASSETS		20	2 194
	Note	2023/24	2022/23
		R'000	R'000
Represented by:		-	-
Recoverable revenue		20	2 194
Unauthorised expenditure		-	-
TOTAL		20	2 194

Annual Financial Statements for the year ended 31 March 2024*Statement of Changes in Net Assets*

	Note	2023/24	2022/23
		R'000	R'000
Recoverable revenue			
Opening balance		2 194	2 070
Transfers:		(2 174)	124
Irrecoverable amounts written off	6.1	(2 516)	-
Debts revised		324	-
Debts recovered (included in departmental revenue)		(6)	-
Debts raised		24	124
Closing balance		20	2 194
TOTAL		20	2 194

Cash Flow Statement

Cash Flow Statement

	Note	2023/24		2022/23
		R'000		R'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts		2 607 140		2 591 108
Annual appropriation funds received	1.1	2 529 308		2 532 889
Departmental revenue received	2	1 207		56
Interest received	2.3	1 212		5
Aid assistance received	3	75 413		58 158
Net (increase)/decrease in net working capital		(21 516)		4 213
Surrendered to Revenue Fund		(19 080)		(13 931)
Surrendered to RDP Fund/Donor		(30 262)		(22 195)
Current payments		(328 839)		(241 395)
Payments for financial assets		(2 516)		-
Transfers and subsidies paid		(2 164 953)		(2 286 578)
Net cash flow available from operating activities	15	39 974		31 222
CASH FLOWS FROM INVESTING ACTIVITIES				
Distribution/dividend received				
Payments for capital assets	8	(17 560)		(13 844)
(Increase)/decrease in non-current receivables	11	2 393		(128)
Net cash flow available from investing activities		(15 167)		(13 972)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase/(decrease) in net assets		(2 174)		124
Increase/(decrease) in non-current payables		-		-
Net cash flows from financing activities		(2 174)		124
Net increase/(decrease) in cash and cash equivalents		22 633		17 374
Cash and cash equivalents at beginning of period		46 535		29 161
Unrealised gains and losses within cash and cash equivalents		-		-
Cash and cash equivalents at end of period	16	69 168		46 535

PART A: ACCOUNTING POLICIES

Summary of significant accounting policies

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

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

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

1.	Basis of preparation The financial statements have been prepared in accordance with the Modified Cash Standard.
2.	Going concern The financial statements have been on a going concern basis.
3.	Presentation currency Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department
4.	Rounding Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
5.	Foreign currency translation Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.
6.	Comparative information
6.1	Prior period comparative information Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.
6.2	Current year comparison with budget A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
7	Revenue
7.1	Appropriated funds Appropriated funds comprise of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation). Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective. Appropriated funds are measured at the amounts receivable. The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.

7.2	<p>Departmental revenue</p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.</p> <p>Departmental revenue is measured at the cash amount received.</p> <p>In-kind donations received are recorded in the notes to the financial statements on the date of receipt and are measured at fair value.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>
7.3	<p>Accrued departmental revenue</p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> • 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. <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p> <p>Write-offs are made according to the department's debt write-off policy.</p>
8.	Expenditure
8.1	Compensation of employees
8.1.1	<p>Salaries and wages</p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
8.1.2	<p>Social contributions</p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>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.</p>
8.2	<p>Other expenditure</p> <p>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.</p> <p>Donations made in kind are recorded in the notes to the financial statements on the date of transfer and are measured at cost or fair value.</p>
8.3	<p>Accruals and payables not recognised</p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements at cost or fair value at the reporting date.</p>
8.4	Leases
8.4.1	<p>Operating leases</p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. Operating lease payments received are recognised as departmental revenue.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>

8.4.2	<p>Finance leases</p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. Finance lease payments received are recognised as departmental revenue.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> cost, being the fair value of the asset; or the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.
9.	Aid assistance
9.1	<p>Aid assistance received</p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value. CARA Funds are recognised when receivable and measured at the amounts receivable.</p> <p>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.</p>
9.2	<p>Aid assistance paid</p> <p>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.</p>
10.	<p>Cash and cash equivalents</p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</p> <p>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.</p>
11.	<p>Prepayments and advances</p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p>
12.	<p>Loans and receivables</p> <p>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.</p>
13.	Financial assets
13.1	<p>Financial assets (not covered elsewhere)</p> <p>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.</p> <p>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.</p>
13.2	<p>Impairment of financial assets</p> <p>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.</p>

14.	Payables Payables recognised in the statement of financial position are recognised at cost.
15.	Capital assets
15.1	Immovable capital assets Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use. Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.
15.2	Movable capital assets Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.
15.3	Intangible capital assets Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project. Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.
15.4	Project costs: Work-in-progress Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid. Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register. Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.
16.	Provisions and contingents
16.1	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.

16.2	<p>Contingent liabilities</p> <p>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.</p>
16.3	<p>Contingent assets</p> <p>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.</p>
16.4	<p>Capital commitments</p> <p>Capital commitments are recorded at cost in the notes to the financial statements.</p>
17.	<p>Unauthorised expenditure</p> <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p> <p>Unauthorised expenditure is recognised in the statement of changes in net assets until such time as the expenditure is either:</p> <ul style="list-style-type: none"> • approved by Parliament or the Provincial Legislature with funding and the related funds are received; or • approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. <p>Unauthorised expenditure recorded in the notes to the financial statements comprise of</p> <ul style="list-style-type: none"> • unauthorised expenditure that was under assessment in the previous financial year; • unauthorised expenditure relating to previous financial year and identified in the current year; and • Unauthorised incurred in the current year.
18.	<p>Fruitless and wasteful expenditure</p> <p>Fruitless and wasteful expenditure receivables are recognised in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.</p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when and at amounts confirmed, and comprises of:</p> <ul style="list-style-type: none"> • fruitless and wasteful expenditure that was under assessment in the previous financial year; • fruitless and wasteful expenditure relating to previous financial year and identified in the current year; and • fruitless and wasteful expenditure incurred in the current year.
19.	<p>Irregular expenditure</p> <p>Losses emanating from irregular expenditure are recognised as a receivable in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.</p> <p>Irregular expenditure is recorded in the notes to the financial statements when and at amounts confirmed and comprises of:</p> <ul style="list-style-type: none"> • irregular expenditure that was under assessment in the previous financial year; • irregular expenditure relating to previous financial year and identified in the current year; and • irregular expenditure incurred in the current year.

20.	<p>Changes in accounting policies, estimates and errors</p> <p>Changes in accounting policies are applied in accordance with MCS requirements.</p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>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.</p>
21.	<p>Events after the reporting date</p> <p>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.</p>
22.	<p>Principal-Agent arrangements</p> <p>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 for [include details here]. All related revenues, expenditures, 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.</p>
23.	<p>Recoverable revenue</p> <p>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.</p>
24.	<p>Related party transactions</p> <p>Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>The full compensation of key management personnel is recorded in the notes to the financial statements.</p>
25.	<p>Employee benefits</p> <p>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is recorded in the Employee benefits note.</p> <p>Accruals and payables not recognised for employee benefits are measured at cost or fair value at the reporting date.</p> <p>The provision for employee benefits is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
26.	<p>Transfer of functions</p> <p>Transfer of functions are accounted for by the acquirer by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of transfer.</p> <p>Transfer of functions are accounted for by the transferor by derecognising or removing assets and liabilities at their carrying amounts at the date of transfer.</p>

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:

	2023/24				2022/23		
	Final Budget	Actual Funds Received	Funds not requested / not received		Final Budget	Appropriation Received	Funds not requested / not received
Programmes	R'000	R'000	R'000		R'000	R'000	R'000
Administration	135 580	135 580	-		117 676	117 676	-
Sector and Market Development	150 890	150 890	-		120 670	120 670	-
Development Finance	795 996	795 996	-		1 318 484	1 318 484	-
Enterprise Development	1 446 842	1 446 842	-		976 059	976 059	-
Total	2 529 308	2 529 308	-		2 532 889	2 532 889	-
The department's 2023/24 baseline budget was reduced by R45.471 million in terms of section 30(2)(a) of the PFMA.							

2. Departmental revenue

	Note	2023/24	2022/23
		R'000	R'000
Sales of goods and services other than capital assets	2.1	62	56
Fines, penalties and forfeits	2.2	3	-
Interest, dividends and rent on land	2.3	1 212	5
Transactions in financial assets and liabilities	2.4	1 142	-
Total revenue collected		2 419	61
Total		2 419	61
Revenue collected consist of previous financial year related expenditure, debt recovered and written off, interest received from the commercial bank, GEHS forfeits, rent collected from employee's covered parking and commission received on third party deductions.			

2.1. Sales of goods and services other than capital assets

		2023/24	2022/23
	Note	R'000	R'000
Sales of goods and services produced by the department		62	56
Sales by market establishment		17	18
Administrative fees		-	-
Other sales		45	38
Sales of scrap, waste and other used current goods		-	-
Total	2	62	56

Sales of goods and services other than capital assets comprise of employee parking rent collected and commission received on third party deductions such as insurance/premiums from employee' salaries.

2.2. Fines, penalties and forfeits

		2023/24	2022/23
	Note	R'000	R'000
Fines		-	-
Forfeits		3	-
Total	2	3	-

GEHS money forfeited.

2.3. Interest, dividends and rent on land

		2023/24	2022/23
	Note	R'000	R'000
Interest		1 212	5
Dividends		-	-
Total	2	1 212	5

Interest received from commercial bank and interest-bearing debts written off.

2.4. Transactions in financial assets and liabilities

	Note	2023/24	2022/23
		R'000	R'000
Receivables		1 122	-
Other receipts including Recoverable Revenue		20	-
Total	2	1 142	-

Debt recovered and written off, and previous financial year expenditure repayment.

2.4.1. Gifts, donations and sponsorships received in-kind (not included in the main note or sub note)

	Note	2023/24		2022/23
		R'000		R'000
	Annex 1J			
Gifts		6		4
Donations		1		-
Sponsorships		203		-
Total gifts, donations and sponsorships received in kind		210		4

3. Aid assistance

	Note	2023/24		2022/23
		R'000		R'000
Opening balance		30 262		22 195
Prior period error				
As restated		30 262		22 195
Transferred from statement of financial performance		46 372		30 262
Paid during the year		(30 262)		(22 195)
Closing balance		46 372		30 262

EDSE related expenditure excluding outstanding advance payment to DALRRD.

3.1. Analysis of balance by source

	Note	2023/24		2022/23
		R'000		R'000
Aid assistance from RDP		46 372		30 262
Aid assistance from other sources		-		-
CARA Funds		-		-
Closing balance	3	46 372		30 262

R46 372m repayable to the RDP fund in line with the signed MoA, excluding R23 429m outstanding balance from advance to DALRRD.

3.2. Analysis of balance

	Note	2023/24	2022/23
		R'000	R'000
Aid assistance receivable		-	-
Aid assistance prepayments (not expensed)		-	-
Aid assistance unutilised		-	-
Aid assistance repayable		46 372	30 262
Closing balance	3	46 372	30 262
Aid assistance not requested/not received		-	-
<i>R46 372m repayable to the RDP fund in line with the signed MoA, excluding R23 429m outstanding balance from advance to DALRRD.</i>			

3.3. Aid assistance expenditure per economic classification

	Note	2023/24	2022/23
		R'000	R'000
Current		8 974	5 393
Capital	8	10 860	6 895
Transfers and subsidies		9 207	15 608
Total aid assistance expenditure		29 041	27 896

EDSE expenditure.

4. Compensation of employees

4.1. Analysis of balance

	Note	2023/24	2022/23
		R'000	R'000
Basic salary		125 481	96 225
Performance award		-	56
Service based		10	252
Compensative/circumstantial		3 156	1 548
Periodic payments		2 076	2 320
Other non-pensionable allowances		31 831	28 367
Total		162 554	128 768

N/A

4.2. Social contributions

	Note	2023/24		2022/23
Employer contributions		R'000		R'000
Pension		14 440		12 005
Medical		4 429		3 635
Bargaining council		29		22
Total		18 898		15 662
Total compensation of employees		181 452		144 430

Average number of employees

253

192

5. Goods and services

	Note	2023/24	2022/23
		R'000	R'000
Administrative fees		5 936	1 494
Advertising		841	538
Minor assets	5.1	26	124
Bursaries (employees)		1 368	1 044
Catering		1 147	475
Communication		600	1 109
Computer services	5.2	4 376	5 337
Consultants: Business and advisory services		5 687	7 140
Legal services		1 670	144
Contractors		410	273
Agency and support / outsourced services		395	-
Audit cost - external	5.3	3 419	3 407
Fleet services		2 672	2 869
Inventories	5.4	57 474	29 743
Consumables	5.5	719	646
Operating leases		10 225	9 472
Property payments	5.6	1 533	2 844
Rental and hiring		1 738	19
Transport provided as part of the departmental activities		-	59
Travel and subsistence	5.7	31 719	22 274
Venues and facilities		3 179	1 363
Training and development		983	262
Other operating expenditure	5.8	2 296	936
Total		138 413	91 572

Key cost drivers

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

Travel and subsistence: The expenditure is due to the nature of the business that the department provides which requires officials to travel consistently, as well as SMME exposure to international markets.

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

Administrative fees: SMMEs exposure to international markets.

Consultants: Business & Advisory Services mainly related to cannabis and hemp pilot project and Government Technical advisory.

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

Audit fees: Regulatory audit for DSBD.

Venues and facilities: SMMEs exposure to international markets.

Annual Financial Statements for the year ended 31 March 2024*Notes to the Annual Financial Statements***5.1. Minor assets**

	Note	2023/24		2022/23
		R'000		R'000
Tangible capital assets		26		124
Machinery and equipment		26		124
Total	5	26		124

Blue lights for Ministerial vehicles, Wi-Fi for DM's official house and departmental kitchen appliances.

5.2. Computer services

	Note	2023/24		2022/23
		R'000		R'000
SITA computer services		1 768		3 543
External computer service providers		2 608		1 794
Total	5	4 376		5 337

Transversal system support, electronic document delivery system, helpdesk & internet service charges as well as Microsoft services.

5.3. Audit cost - external

	Note	2023/24		2022/23
		R'000		R'000
Regularity audits		3 419		3 321
Investigations		-		86
Total	5	3 419		3 407

2022/23 Regulatory audit by AGSA.

5.4. Inventories

	Note	2023/24		2022/23
		R'000		R'000
Other supplies	5.4.1	57 474		29 743
Total	5	57 474		29 743

Equipment procured for redistribution to IMEDP beneficiaries.

5.4.1. Other supplies

	Note	2023/24	2022/23
		R'000	R'000
Assets for distribution		57 474	29 743
Machinery and equipment		57 474	29 743
Other		-	-
Total	5.4	57 474	29 743

Equipment procured for redistribution to IMEDP beneficiaries.

5.5 Consumables

	Note	2023/24	2022/23
		R'000	R'000
Consumable supplies		568	109
Uniform and clothing		139	-
Household supplies		247	23
Building material and supplies		24	8
IT consumables		-	53
Other consumables		158	25
Stationery, printing and office supplies		151	537
Total	5	719	646

Consumable supplies including protective clothing and security controls for ODG.

5.6. Property payments

	Note	2023/24	2022/23
		R'000	R'000
Municipal services		1 011	1 893
Other		522	951
Total	5	1 533	2 844

Sewerage, water, electricity, cleaning, and fumigation services.

5.7. Travel and subsistence

	Note	2023/24	2022/23
		R'000	R'000
Local		25 852	19 265
Foreign		5 867	3 009
Total	5	31 719	22 274

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

5.8. Other operating expenditure

	Note	2023/24	2022/23
		R'000	R'000
Professional bodies, membership and subscription fees		30	11
Resettlement costs		1 157	-
Other		1 109	925
Total	5	2 296	936

Other consist of printing costs, courier & delivery services, file storage services, and vehicles roadworthy tests.

6. Payments for financial assets

	Note	2023/24	2022/23
		R'000	R'000
Debts written off	6.1	2 516	-
Total		2 516	-

Debts that have prescribed and could not be recovered.

6.1. Debts written off

Nature of debts written off	Note	2023/24		2022/23
		R'000		R'000
Recoverable revenue written off				
Total amount of debts that have prescribed and could not be recovered.		2 516		-
Total		2 516		-
Total debt written off	6	2 516		-

7. Transfers and subsidies

	Note	2023/24	2022/23
		R'000	R'000
Departmental agencies and accounts	Annex 1A	1 404 484	915 761
Public corporations and private enterprises	Annex 1B	742 445	1 345 474
Non-profit institutions	Annex 1C	8 000	8 613
Households	Annex 1D	817	1 122
Total		2 155 746	2 270 970

Transfers to Small Enterprise Development Agency (Seda), Small Enterprise Finance Agency (sefa), SEIF & Craft projects, leave discounting for ex-employees and settlement as a result of case won by DSBD employee.

8. Expenditure for capital assets

	Note	2023/24	2022/23
		R'000	R'000
Tangible capital assets		6 700	6 949
Machinery and equipment		6 700	6 949
Intangible capital assets		10 860	6 895
Software		10 860	6 895
Total		17 560	13 844

Ministerial vehicles and security equipment's, laptops and external hard drive, cellular phones & finance lease on photocopiers and mobile contracts. Software still under development (LITS and SMME database).

8.1. Analysis of funds utilised to acquire capital assets – Current year

Name of entity	2023/24		
	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible capital assets	6 700	-	6 700
Machinery and equipment	6 700	-	6 700
Intangible capital assets	-	10 860	10 860
Software	-	10 860	10 860
Total	6 700	10 860	17 560

Departmental assets and EDSE's LITS and IBP software.

8.2 Analysis of funds utilised to acquire capital assets – Prior year

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

8.3. Finance lease expenditure included in Expenditure for capital assets

	Note	2023/24	2022/23
		R'000	R'000
Tangible capital assets			
Machinery and equipment		2 061	1 078
Total		2 061	1 078

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

9. Cash and cash equivalents.

	Note	2023/24	2022/23
		R'000	R'000
Consolidated Paymaster General Account		54 291	32 361
Cash on hand		66	66
Investments (Domestic)		14 811	14 108
Total		69 168	46 535

PMG balance R54 mil. (Outstanding payments R17.7 mil and Salary EBT control: R84 thousand, petty cash R66 thousand, and cash in commercial bank account R14.8 mil received on 31 March.)

10. Prepayments and advances

	Note	2023/24	2022/23
		R'000	R'000
Travel and subsistence		9	-
Prepayments (Not expensed)	10.2	484	43
Advances paid (Not expensed)	10.1	23 429	16 258
Total		23 922	16 301

Analysis of Total Prepayments and advances

Current Prepayments and advances	23 922	16 301
Non-current Prepayments and advances	-	-
Total	23 922	16 301

Advance to DALRRD for EDSE activities and prepayment to Microsoft for computer services.

10.1. Advances paid (Not expensed)

	Note	2023/24				
		Amount as at 1 April 2023	Less: Amounts expensed in current year	Add / Less: Other	Add Current year advances	Amount as at 31 March 2024
		R'000	R'000	R'000	R'000	R'000
National departments		14 882	(9 900)	(14 270)	32 717	23 429
Public entities		1 376	(19 630)	(5 920)	24 174	-
Total	10	16 258	(29 530)	(20 190)	56 891	23 429

Advance to DALRRD for EDSE activities.

	Note	2022/23				
		Amount as at 1 April 2022	Less: Amounts expensed in current year	Add / Less: Other	Add Current year advances	Amount as at 31 March 2023
		R'000	R'000	R'000	R'000	R'000
National departments		12 699	(19 917)	-	22 100	14 882
Public entities		-	(13 612)	-	14 988	1 376
Other entities						
Total	10	(12 699)	(33 529)	-	37 088	16 258

10.2. Prepayments (Not expensed)

	Note	2023/24				
		Amount as at 1 April 2023	Less: Amounts expensed in current year	Add / Less: Other	Add Current year prepayments	Amount as at 31 March 2024
		R'000	R'000	R'000	R'000	R'000
Goods and services		43	(1 987)	-	2 428	484
Total	10	43	(1 987)	-	2 428	484

Prepayment to Microsoft for computer services.

	Note	2022/23				
		Amount as at 1 April 2022	Less: Amounts expensed in current year	Add / Less: Other	Add Current year prepay-ments	Amount as at 31 March 2023
		R'000	R'000	R'000	R'000	R'000
Goods and services		47	(56)	-	52	43
Total	13	47	(56)	-	52	43

11. Receivables

	Note	2023/24			2022/23		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	11.1	54	-	54	-	2	2
Recoverable expenditure	11.3	29	4	33	138	4	142
Staff debt	11.4	43	27	70	8	118	126
Other receivables	11.5	-	-	-	49	2 300	2 349
Total		126	31	157	195	2 424	2 619

Salaries, tax and tool of trade debts for officials that left the Department; and interdepartmental claim.

11.1. Claims recoverable

	Note	2023/24		2022/23
		R'000		R'000
National departments		-		2
Provincial departments		54		-
Total	11	54		2

Salary claims of an official transferred to the provincial department.

11.2. Recoverable expenditure

	Note	2023/24		2022/23
		R'000		R'000
Group major categories, but list material items				
Sal: Reversal account		24		72
Sal: Tax debt		9		70
Total	11	33		142

Amounts to be recovered from ex-employees.

11.3. Staff debt

	Note	2023/24		2022/23
		R'000		R'000
Group major categories, but list material items				
Salary overpayment		39		73
Tax debt		10		30
Tool of trade debt and breach of contract		21		23
Total	11	70		126

Debts from ex-employees.

11.4. Other receivables

	Note	2023/24		2022/23
		R'000		R'000
Group major categories, but list material items				
Fruitless and wasteful expenditure		-		3
Grant incentives overpayments or non-performance		-		2 297
Bursary overpayment		-		49
Total	11	-		2 349

11.5 Impairment of receivables

	Note	2023/24		2022/23
		R'000		R'000
Estimate of impairment of receivables		-		2 297
Total				2 297

12. Voted funds to be surrendered to the Revenue Fund

	Note	2023/24		2022/23
		R'000		R'000
Opening balance		18 968		13 845
Prior period error				-
As restated		18 968		13 845
Transferred from statement of financial performance (as restated)		44 481		18 968
Voted funds not requested/not received	1.1	-		-
Paid during the year		(18 968)		(13 845)
Closing balance		44 481		18 968

Voted funds to be surrendered from compensation of employees and transfers underspending.

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

	Note	2023/24		2022/23
		R'000		R'000
Opening balance		3		28
Prior period error				
As restated		3		28
Transferred from statement of financial performance (as restated)		2 419		61
Paid during the year		(112)		(86)
Closing balance		2 310		3
<i>Debts written off.</i>				

14. Payables – current

	Note	2023/24		2022/23
		R'000		R'000
Clearing accounts	14.1	64		28
Other payables	14.2	-		14 000
Total		64		14 028
<i>Income tax and pension fund.</i>				

14.1 Clearing accounts

Description	Note	2023/24		2022/23
		R'000		R'000
Sal: Income Tax		52		10
Sal: GEHS Refund		-		15
Sal: Pension Fund		12		3
Total	14	64		28
<i>Balances interfaced in April 2024.</i>				

14.2 Other payables

Description	Note	2023/24		2022/23
		R'000		R'000
Identify major categories, but list material items				
Reconstruction Development Programme (Seda EU Programme)		-		14 000
Total	21	-		14 000
<i>Cash in transit that was not allocated to the EDSE transfers (2022/23).</i>				

15. Net cash flow available from operating activities

	Note	2023/24		2022/23
		R'000		R'000
Net surplus/(deficit) as per Statement of Financial Performance		93 272		49 291
Add back non-cash/cash movements not deemed operating activities		(53 298)		(18 069)
(Increase)/decrease in receivables		69		(115)
(Increase)/decrease in prepayments and advances		(7 621)		(3 550)
(Increase)/decrease in other current assets		-		-
Increase/(decrease) in payables - current		(13 964)		7 878
Expenditure on capital assets		17 560		13 844
Surrenders to Revenue Fund		(19 080)		(13 931)
Surrenders to RDP Fund/Donors		(30 262)		(22 195)
Net cash flow generated by operating activities		39 974		31 222

N/A

16. Reconciliation of cash and cash equivalents for cash flow purposes

	Note	2023/24		2022/23
		R'000		R'000
Consolidated Paymaster General account		54 291		32 361
Cash on hand		66		66
Cash with commercial banks (Local)		14 811		14 108
Total		69 168		46 535

RDP, voted funds, petty cash and cash held at commercial bank that has not interfaces into PMG.

17. Contingent liabilities and contingent assets

17.1. Contingent liabilities

Liable to Nature	Note	2023/24		2022/23
		R'000		R'000
Claims against the department	Annex 2	200		850
Total		200		850

Estimated amount of legal costs upon completion of the case, in the event the department is held liable for costs however the plaintiff hasn't followed up on the case.

17.2. Contingent assets

Nature of contingent asset	Note	2023/24		2022/23
		R'000		R'000
BBSDP Incentives		-		245
CIS Incentives		-		218
Total		-		463

The cases have prescribed before Summons could be issued due to some outstanding information and cannot be pursued further.

18. Capital commitments

	Note	2023/24		2022/23
		R'000		R'000
Machinery and equipment		52		1 584
Intangible assets		-		-
Total		52		1 584

19. Accruals and payables not recognised**19.1. Accruals**

Listed by economic classification		2023/24		2022/23
	30 Days	30+ Days	Total	Total
	R'000	R'000	R'000	R'000
Goods and services	1 255	883	2 138	2 699
Capital assets				14
Total	1 255	883	2 138	2 713

Listed by programme level	Note	2023/24		2022/23
		R'000		R'000
Administration		1 272		1 997
Sector and Market Development		172		129
Development Finance		388		106
Enterprise Development		307		481
Total		2 138		2 713

19.2. Payables not recognised.

Listed by economic classification	2023/24				2022/23
	30 Days	30+ Days	Total		Total
	R'000	R'000	R'000		R'000
Goods and services	-	349	349		-
Other	-	-	-		-
Total	-	349	349		-

Listed by programme level	Note	2023/24		2022/23
		R'000		R'000
Administration		349		-
Total	19	349		-

Parties agreed on the settlement amount to be paid R349 thousand tax inclusive to be processed during the 2024/25 financial year.

20. Employee benefits

	Note	2023/24		2022/23
		R'000		R'000
Leave entitlement		9 913		10 185
Service bonus		4 431		3 373
Performance awards		-		-
Capped leave		840		798
Other		-		87
Total		15 184		14 443
Leave credits payable to employees.				

21. Lease commitments

21.1. Operating leases

2023/24					
	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	-	-	-	69	69
Later than 1 year and not later than 5 years	-	-	-	-	-
Later than 5 years	-	-	-	-	-
Total lease commitments	-	-	-	69	69

2022/23					
	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	-	-	1 778	-	1 778
Later than 1 year and not later than 5 years	-	-	-	-	-
Later than 5 years	-	-	-	-	-
Total lease commitments	-	-	1 778	-	1 778

Water dispensers' rentals.

21.2. Finance leases **

2023/24					
	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	-	-	-	1 091	1 091
Later than 1 year and not later than 5 years	-	-	-	630	630
Later than 5 years	-	-	-	-	-
Total lease commitments	-	-	-	1 721	1 721

2022/23					
	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	-	-	-	1 646	1 646
Later than 1 year and not later than 5 years	-	-	-	1 585	1 585
Later than 5 years	-	-	-	-	-
Total lease commitments	-	-	-	3 231	3 231

RT15 contract with Vodacom for provision of tools of trade (phones), and RT3 photocopy and printing machines contract with Minolta.

22. Unauthorised, Irregular and Fruitless and wasteful expenditure

		2023/24	2022/23
	Note	R'000	R'000
Unauthorised expenditure - current year		-	-
Irregular expenditure - current year		88	655
Fruitless and wasteful expenditure - current year		-	-
Total		88	655

23. Related party transactions

DSBD has oversight responsibility over the following public and trading entities:

- Small Enterprise Development Agency (Seda)
- Small Enterprise Finance Agency (**sefa**)
- Transfers to **sefa** are still done by the Department of Trade Industry and Competition (**the dtic**)
- All transactions were at arm's length.

24. Key management personnel

		2023/24		2022/23
		R'000		R'000
Political office bearers (provide detail below)		4 469		4 557
Officials:				
Level 15 to 16		9 216		8 875
Level 14 (incl. CFO if at lower level)		11 819		9 015
Family members of key management personnel		-		-
Total		25 504		22 447

25. Provisions

		2023/24		2022/3
	Note	R'000		R'000
Please specify				
Product Markets		13 232		50 382
Total		13 232		50 382
<i>Claims awaiting outstanding documents.</i>				

25.1. Reconciliation of movement in provisions – Current year

	2023/4			
	Product Markets	Provision 2	Provision 3	Total provisions
	R'000	R'000	R'000	R'000
Opening balance	50 382	-	-	50 382
Increase in provision	-	-	-	-
Settlement of provision	(58 961)	-	-	(58 961)
Change in provision due to change in estimation of inputs	21 811	-	-	21 811
Closing balance	13 232	-	-	13 232

Reconciliation of movement in provisions – 2022/23

	Product Markets	Provision 2	Provision 3	Total provisions
	R'000	R'000	R'000	R'000
Opening balance	55 923	-	-	55 923
Increase in provision	67 713	-	-	67 713
Settlement of provision	(73 254)	-	-	(73 254)
Closing balance	50 382	-	-	50 382

26. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024

2023/24					
	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	22 928		6 948	(1 366)	28 510
Transport assets	5 516		2 326	-	7 842
Computer equipment	10 092		1 928	(435)	11 585
Furniture and office equipment	3 000		2 064	(148)	4 916
Other machinery and equipment	4 319		631	(783)	4 167
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	22 928		6 948	(1 366)	28 510

Include discussion here where deemed relevant.

Movable Tangible Capital Assets under investigation

		Number	Value
	Note		R'000
Included in the above total of the movable tangible capital assets per the asset register that are under investigation:			
Machinery and equipment		19	1 221
Total		19	1 221

Assets reported stolen or lost are under investigations.

26.1. MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	2022/23				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	17 700		5 965	737	22 928
Transport assets	4 298		1 218	-	5 516
Computer equipment	6 144		4 466	518	10 092
Furniture and office equipment	3 209	(181)	-	27	3 000
Other machinery and equipment	4 049	181	281	191	4 319
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	17 700	-	5 965	737	22 928

26.1.1. Prior period error

Nature of prior period error	Note	2022/23		
				R'000
Relating to 2022/23 [affecting the opening balance]				
Relating to 2022/23				
Furniture and office equipment overstated				(181)
Other machinery and equipment understated				181
Relating to 2022/23				
Furniture and office equipment				(181)
Other machinery and equipment				181
Total prior period errors	26			-

Misalignment between categories.

26.2. Minor assets

MOVEMENT IN MINOR CAPITAL ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024

2023/24						
	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	-	-	-	1 184	-	1 184
Value adjustments					-	-
Additions	-	-	-	26	-	26
Disposals	-	-	-	15	-	15
Total Minor assets	-	-	-	1 195		1 195

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	-	-	-
Number of minor assets at cost	-	-	-	488	-	488
Total number of minor assets	-	-	-	488	-	488

Minor capital assets under investigation

	Note	Number	Value
			R'000
Included in the above total of the minor capital assets per the asset register that are under investigation:			
Machinery and equipment		6	14
<i>Assets reported stolen and lost. The matters are under investigation.</i>			

MOVEMENT IN MINOR CAPITAL ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

2022/23						
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	1 044	-	1 044
Prior period error	-	-	-	-	-	-
Additions	-	-	-	150	-	150
Disposals	-	-	-	10	-	10
Total Minor assets	-	-	-	1 184	-	1 184

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	-	-	-
Number of minor assets at cost	-	-	-	487	-	487
Total number of minor assets	-	-	-	487	-	487

26.3. Movable tangible capital assets written off

MOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2024

2023/24						
	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
Assets written off	-	-	-	52	-	52
Total movable assets written off	-	-	-	52	-	52

MOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2023

2022/23						
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Assets written off	-	-	-	12	-	12
Total movable assets written off	-	-	-	12	-	12

27. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024

2023/24				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Software	2 964	-	-	2 964
Total Intangible Capital Assets	2 964	-	-	2 964

27.1 MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	2022/23				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Software	2 964	-	-	2 964	2 964
Total Intangible Capital Assets	2 964	-	-	2 964	2 964

27.2. Intangible capital assets: Capital Work-in-progress

CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2024

		Opening balance 1 April 20YY	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2024
		R'000	R'000	R'000	R'000
Intangible assets	Annex 7	9 372	10 860	-	20 232
Total		9 372	10 860	-	20 232

Certificate of software completion has been received however the department has not taken delivery /ownership of the tool yet or accessed it as ready for use for its intended purpose.

CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2023

		Opening balance 1 April 2022	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2023
	Note	R'000	R'000	R'000	R'000	R'000
Intangible assets		2 477	-	6 895	-	9 372
Total		2 477	-	6 895	-	9 372

Certificate of software completion has been received however the department has not taken delivery /ownership of the tool yet or accessed it as ready for use for its intended purpose.

28. Prior period errors

		2022/23		
		Amount bef error correction	Prior period error	Restated
	Note	R'000	R'000	R'000
Assets: Movable tangible capital assets				
Furniture and office equipment overstated		3 181	(181)	3 000
Misstated other machinery and equipment		4 138	181	4 319
Net effect		7 319	-	7 319

29. Broad Based Black Economic Empowerment performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

30. Natural disaster or relief expenditure

		2023/24		2022/23
		R'000		R'000
Compensation of employees	Annex 6	-		-
Goods and services		-		304
Transfers and subsidies		-		-
Expenditure for capital assets		-		-
Other		-		-
Total		-		304

ANNEXURE 1A

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

Departmental Agency or Account	2023/24						2022/23	
	TRANSFER ALLOCATION				TRANSFER		Final Budget	Actual transfer
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred		
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
SEDA: TECHNOLOGY PROGRAMME	160 466	-	-	160 466	160 466	100.0%	159 445	159 445
SMALL ENTERPRISE DEVELOP AGENCY	1 226 206	-	-	1 226 206	1 226 206	100.0%	738 751	738 751
SEDA: CAPACITY BUILD PROG FOR EC	16 274	-	-	16 274	16 274	100.0%	16 171	16 171
PROV DA: KZN TRADE & INVESTMENT	428	-	-	428	128	29.9%	-	-
PROV DA:NC ECON DEVEL AGENCY	1 409	-	-	1 409	1 409	100.0%	1 409	1 394
SABC TV LICENCE	2	-	-	2	1	50.0%	1	-
TOTAL	1 404 785	-	-	1 404 785	1 404 484		915 777	915 761

ANNEXURE 1B

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

Name of public corporation / private enterprise	2023/24								2022/23	
	GRANT ALLOCATION				EXPENDITURE					
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of Available funds transferred	Capital	Current	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Public Corporations										
Transfers	681 324	-	2 510	683 834	683 484	99.9%	-	683 484	1 267 426	1 267 128
EC: DEVELOPMENT CORPORATION	1 359	-	-	1 359	1 359	100.0%	-	1 359	1 450	1 182
FREE STATE DEVELOPMENT CORPORATN	500	-	-	500	150	30.0%	-	150	150	120
INDUSTRIAL DEV CORP-SA LTD: SEFA	679 465	-	2 510	681 975	681 975	100.0%	-	681 975	1 265 826	1 265 826
Subtotal: Public corporations	681 324	-	2 510	683 834	683 484	99.9%	-	683 484	1 267 426	1 267 128
Private enterprises										
Transfers	77 786	-	-	77 786	58 961	75.8%	58 961	-	78 504	78 346
COOPERATIVE DEVELOPMENT SUPPORT PROGRAMME (CDSP)	-	-	-	-	-	-	-	-	5 250	5 092
PRODUCT MARKETS	77 786	-	-	77 786	58 961	75.8%	58 961	-	73 254	73 254
Subtotal: Private Enterprises	77 786	-	-	77 786	58 961	75.8%	58 961	-	78 504	78 346
TOTAL	759 110	-	2 510	761 620	742 445	97.5%	58 961	683 484	1 345 930	1 345 474
<i>Product Market & Craft Customised Support Programme</i>										

ANNEXURE 1C

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

	2023/24						2022/23	
	TRANSFER ALLOCATION				EXPENDITURE			
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Non-profit institutions								
Transfers								
BOKONE CRAFT&DESIGN INSTITUT NPC	4 000	-	-	4 000	4 000	100.0%	4 650	4 650
CAPE CRAFT & DESIGN INSTITUTE	4 000	-	-	4 000	4 000	100.0%	3 963	3 963
Total	8 000	-	-	8 000	8 000		8 613	8 613
TOTAL	8 000	-	-	8 000	8 000		8 613	8 613
<i>Product Market & Craft Customised Support Programme</i>								

ANNEXURE 1D

STATEMENT OF TRANSFERS TO HOUSEHOLDS

Household	2023/24						2022/23	
	TRANSFER ALLOCATION				EXPENDITURE			
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers								
EMPLOYEE SOCIAL BENEFIT	749	-	-	749	729	97,3%	1 024	1 022
OTHER TRANSFERS	89	-	-	89	88	98,9%	100	100
Total	838	-	-	838	817		1 124	1 122
TOTAL	838	-	-	838	817		1 124	1 122

ANNEXURE 1E

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

Name of organisation	Nature of gift, donation or sponsorship	2023/24	2022/23
		R'000	R'000
RECEIVED IN KIND			
Gifts			
Entrepreneurship Development in Higher Education	Portable Speaker	-	1
Implementing Agency (Seda)	Four-Wheel Hard-Shell Business carry bag	-	3
SheTrade Delegations	Wine and Chocolates	1	-
Embassy of Peoples Republic of China	Lindt chocolates, constantia wine, and books	4	-
Wholesale and Retail Sector Education and Training Authority (W&RSETA)	Wireless power bank, air pod and phone stand	1	-
Total gifts		6	4
Donations			
Bulungula Lodge, Elliotdale (Eastern Cape)	Accommodation and Breakfast	1	-
Total donations		1	-
Sponsorships			
Minister of Commerce in Algeria	Flights, Accommodation, and ground transport	63	-
International Finance Corpoiartion	Flights, Accommodation, and ground transport	88	-
African Union Annual MSME Forum	Flights, Accommodation, and ground transport	52	-
Total sponsorships		203	-
Subtotal – received in kind		210	4
TOTAL GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED		210	4

ANNEXURE 1F

STATEMENT OF AID ASSISTANCE RECEIVED

	Purpose	Opening balance	Revenue	Expenditure	Paid back on / by 31 March	Closing balance
Name of donor		R'000	R'000	R'000	R'000	R'000
Aid assistance received in cash						
European Union	The employment promotion through SMME's support programme	30 262	75 413	29 041	30 262	46 372
Subtotal		30 262	75 413	29 041	30 262	46 372
TOTAL AID ASSISTANCE RECEIVED		30 262	75 413	29 041	30 262	46 372

+ANNEXURE 1J**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE**

Nature of gift, donation or sponsorship (Group major categories but list material items including name of organisation)	2023/24	2022/23
	R'000	R'000
Made in kind		
Sponsorships		
National Cooperatives Association of South Africa	-	100
Total sponsorships	-	100
TOTAL GIFTS, DONATIONS AND SPONSORSHIPS MADE IN KIND	-	100

ANNEXURE 2

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2024

	Opening balance 1 April 2023	Liabilities incurred during the year	Liabilities paid / cancelled / reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2024
Nature of liability	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Dispute on unfair labour practice	650	-	650	-	-
Nkosiya Trading/Minister of Small Business	200	-	-	-	200
Subtotal					
Subtotal	850	-	650	-	200
TOTAL	850	-	650	-	200

ANNEXURE 3

CLAIMS RECOVERABLE

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2023/24	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023	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
Government entity								
Department								
South African Police Service	-	-	-	2	-	2	-	-
Northern Cape Provincial Treasury	54	-	-	-	54	-	-	-
Subtotal	54	-	-	2	54	2	-	-
TOTAL	54	-	-	2	54	2	-	-

ANNEXURE 4

MOVEMENT IN CAPITAL WORK IN PROGRESS

Movement in capital work in progress for the year ended 31 March 2024

	Opening balance	Current year CWIP	Ready for use (Asset Register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE				
Computer Software	9 372	10 860	-	20 232
TOTAL	9 372	10 860	-	20 232

Movement in capital work in progress for the year ended 31 March 2023

	Opening balance	Prior period error	Current year CWIP	Ready for use (Asset Register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE					
Software	2 477	-	6 895	-	9 372
TOTAL	2 477	-	6 895	-	9 372

Certificate of software completion has been received however the department has not taken delivery /ownership of the tool yet.

ANNEXURE 5

INTERENTITY ADVANCES PAID (Note 13)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/3/2024	31/03/2023	31/3/2024	31/03/2023	31/3/2024	31/03/2023
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
Department of International Relations and Cooperation	-	613	-	-	-	613
Department of Agriculture, Land Reform and Rural Development	23 429	14 270	-	-	23 429	14 270
Subtotal	23 429	14 883	-	-	23 429	14 883
PUBLIC ENTITIES						
Small Enterprise Development Agency(Seda)	-	962	-	-	-	962
Council for Scientific and Industrial Research- (CSIR-)	-	520	-	-	-	520
Small Enterprise Finance Agency (sefa)	-	-	-	-	-	-
Subtotal	-	1 482	-	-	-	1 482
TOTAL	23 429	16 365	-	-	23 429	16 365

ANNEXURE 6

NATURAL DISASTER OR RELIEF EXPENDITURE

Per quarter and in total

Expenditure per economic classification	2023/24					2022/23
	Q1	Q2	Q3	Q4	Total	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Goods and services						
<i>List all applicable SCOA level 4 items</i>						
Property payments	-	-	-	-	-	304
TOTAL NATURAL DISASTER OR RELIEF EXPENDITURE	-	-	-	-	-	304

ANNEXURE 7

ANALYSIS OF PREPAYMENTS AND ADVANCES (NOTES 4.2 AND 13)

	Sector of the entity	Description of the item paid for	Classification category	Total Contract Value	Balance outstanding as at 31 March 2023	Total amount prepaid / advanced in the current year	Less: goods, services or capital assets received in the current year	Add/Less: Other	Balance outstanding as at 31 March 2024
Name of Entity				R'000	R'000	R'000	R'000	R'000	R'000
Prepayments									
Microsoft Corporation	Private	Software licencing	Goods and services	2 901	-	2 418	(1 934)	-	484
Total prepayments				2 901	-	2 418	(1 934)	-	484
Advances									
DALRRD	Government	LITS software development	National departments	-	14 270	32 717	(9 287)	(14 270)	23 430
DIRCO	Government	Foreign travel arrangements	National departments	-	612	-	(612)	-	-
Seda	Public	SMMes foreign market exposure	Public entities	-	855	11 500	(12 355)	-	-
sefa	Public	Drafting of the Business Licensing Bill	Public entities	-	-	5 845	(445)	(5 400)	-
CSIR	Public	SMMes database & Cannabis pilot project	Public entities	-	520	6 829	(6 829)	(520)	-
Total advances				-	16 257	56 891	(29 528)	(20 190)	23 430
TOTAL PREPAYMENTS AND ADVANCES				2 901	16 257	59 309	(31 462)	(20 190)	23 914



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