

# ANNUAL REPORT

VOTE NO. 36

2024/25



small business  
development

Department:  
Small Business Development  
REPUBLIC OF SOUTH AFRICA







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# A PART

**GENERAL  
INFORMATION**



## 1. DEPARTMENT GENERAL INFORMATION

|                            |                                                                        |
|----------------------------|------------------------------------------------------------------------|
| <b>PHYSICAL ADDRESS:</b>   | the dti Campus<br>77 Meintjies Street<br>Sunnyside<br>Pretoria<br>0001 |
| <b>POSTAL ADDRESS:</b>     | Private Bag X672<br>Pretoria<br>0001                                   |
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| <b>EMAIL ADDRESS:</b>      | info@dsbd.gov.za                                                       |
| <b>WEBSITE ADDRESS:</b>    | www.dsbd.gov.za                                                        |



## 2. LIST OF ABBREVIATIONS/ACRONYMS

|               |                                                                         |
|---------------|-------------------------------------------------------------------------|
| <b>ADDG</b>   | Acting Deputy Director-General                                          |
| <b>AFS</b>    | Annual Financial Statements                                             |
| <b>AGSA</b>   | Auditor-General of South Africa                                         |
| <b>AO</b>     | Accounting Officer                                                      |
| <b>APP</b>    | Annual Performance Plan                                                 |
| <b>ARC</b>    | Audit and Risk Committee                                                |
| <b>BAC</b>    | Bid Adjudication Committee                                              |
| <b>B-BBEE</b> | Broad-based Black Economic Empowerment                                  |
| <b>BBSDP</b>  | Black Business Supplier Development Programme                           |
| <b>CFO</b>    | Chief Financial Officer                                                 |
| <b>CIPC</b>   | Companies and Intellectual Property Commission                          |
| <b>COIDA</b>  | Compensation for Injuries and Diseases Act                              |
| <b>CDA</b>    | Co-operatives Development Agency                                        |
| <b>CIS</b>    | Cooperatives Incentive Scheme                                           |
| <b>COE</b>    | Cost of Employment                                                      |
| <b>CDSP</b>   | Co-operative Development Support Programme                              |
| <b>COGTA</b>  | Cooperative Governance and Traditional Affairs                          |
| <b>DDG</b>    | Deputy Director-General                                                 |
| <b>DDM</b>    | District Development Model                                              |
| <b>DG</b>     | Director-General                                                        |
| <b>DPME</b>   | Department of Planning, Monitoring and Evaluation                       |
| <b>DPSA</b>   | Department of Public Service and Administration                         |
| <b>DPWI</b>   | Department of Public Works and Infrastructure                           |
| <b>DSBD</b>   | Department of Small Business Development                                |
| <b>DFIs</b>   | Development Finance Institutions                                        |
| <b>ESIEID</b> | Economic Sectors, Investment, Employment and Infrastructure Development |
| <b>EDSE</b>   | Ecosystem Development for Small Enterprises                             |
| <b>EHW</b>    | Employee Health and Wellness                                            |
| <b>EE</b>     | Employment Equity                                                       |
| <b>EHW</b>    | Employment, Health and Wellness                                         |
| <b>ENE</b>    | Estimate of National Expenditure                                        |
| <b>EODB</b>   | Ease of Doing Business                                                  |
| <b>ESD</b>    | Enterprise Supplier Development                                         |
| <b>EU</b>     | European Union                                                          |
| <b>EXCO</b>   | Executive Committee                                                     |
| <b>GRMI</b>   | Grocery Retail Market Inquiry                                           |
| <b>GDP</b>    | Gross Domestic Product                                                  |
| <b>GIAS</b>   | Global Internal Audit Standards                                         |
| <b>GNU</b>    | Government of National Unity                                            |
| <b>HDI</b>    | Historically Disadvantaged Individuals                                  |

## 2. LIST OF ABBREVIATIONS/ACRONYMS (Continued)

|              |                                                                           |
|--------------|---------------------------------------------------------------------------|
| <b>HOD</b>   | Head of Department                                                        |
| <b>IAF</b>   | Internal Audit Disabilities                                               |
| <b>ICT</b>   | Information and Communication Technology                                  |
| <b>IMEDP</b> | Informal and Micro Enterprise Development Programme                       |
| <b>IAF</b>   | Internal Audit Function                                                   |
| <b>ISDPC</b> | Integrated Strategy on the Development and Promotion of the Co-operatives |
| <b>KZN</b>   | KwaZulu-Natal                                                             |
| <b>MANCO</b> | Management Committee                                                      |
| <b>MTEF</b>  | Medium Term Expenditure Framework                                         |
| <b>MTDP</b>  | Medium Term Development Plan                                              |
| <b>MTSF</b>  | Medium Term Strategic Framework                                           |
| <b>MSMEs</b> | Micro, Small and Medium Enterprises                                       |
| <b>MPSA</b>  | Minister of Public Service Administration                                 |
| <b>NDP</b>   | National Development Plan, Vision 2030                                    |
| <b>NES</b>   | National Entrepreneurship Strategy                                        |
| <b>NIBUS</b> | National Informal Business Upliftment Strategy                            |
| <b>NISED</b> | National Integrated Small Enterprise Development                          |
| <b>NT</b>    | National Treasury                                                         |
| <b>NYDA</b>  | National Development Youth Agency                                         |
| <b>OHS</b>   | Occupational Health and Safety                                            |
| <b>OHSA</b>  | Occupational Health and Safety Act                                        |
| <b>OCSLA</b> | Office of the Chief State Law Adviser                                     |
| <b>PFMA</b>  | Public Finance Management Act                                             |
| <b>PPP</b>   | Public Private Partnerships                                               |
| <b>PSCBC</b> | Public Service Co-ordinating Bargaining Council                           |
| <b>PWD</b>   | Persons with Disabilities                                                 |
| <b>REMC</b>  | Risk and Ethics Management Committee                                      |
| <b>SAIPA</b> | South African Institute of Professional Accountants                       |
| <b>SALGA</b> | South African Local Government Association                                |
| <b>SARS</b>  | South African Revenue Service                                             |
| <b>SBD</b>   | Small Business Development                                                |
| <b>SBEDS</b> | Small Business Exporter Development Scheme                                |
| <b>SCM</b>   | Supply Chain Management                                                   |
| <b>SDIP</b>  | Service Delivery Improvement Plan                                         |
| <b>Seda</b>  | Small Enterprise Development Agency                                       |
| <b>SEDFA</b> | Small Enterprise Development and Finance Agency                           |
| <b>sefa</b>  | Small Enterprise Finance Agency                                           |
| <b>SITA</b>  | State Information Technology Agency                                       |
| <b>SMMEs</b> | Small, Medium and Micro Enterprises                                       |
| <b>SMS</b>   | Senior Management Service                                                 |

## 2. LIST OF ABBREVIATIONS/ACRONYMS (Continued)

|                 |                                               |
|-----------------|-----------------------------------------------|
| <b>SOP</b>      | Standard Operating Procedure                  |
| <b>StatsSA</b>  | Statistics South Africa                       |
| <b>the dtic</b> | Department of Trade, Industry and Competition |
| <b>TR</b>       | Treasury Regulations                          |
| <b>TREP</b>     | Township and Rural Enterprises Programme      |
| <b>UIF</b>      | Unemployment Insurance Fund                   |
| <b>WSP</b>      | Workplace Skills Plan                         |
| <b>WYPWD</b>    | Women, Youth and Persons with Disabilities    |





### 3. FOREWORD BY THE MINISTER

**Ms Stella Tembisa Ndabeni, MP**

*Minister of the Department of Small Business Development*

The 2024/25 financial year was a transition year from the sixth administration period to the Seventh Administration period and the conclusion of the implementation of the Departmental Revised 2020-25 Strategic Plan. The reporting period saw the Medium-Term Development Plan (MTDP) 2024-2029 being introduced, which is a Plan that aligns with the goals and objectives of the National Development Plan (NDP) and the priorities of the Government of National Unity (GNU).

The MTDP 2024-2029 is the medium-term plan towards the achievement of the NDP, replacing the Medium-Term Strategic Framework (MTSF), with its naming aligned to the international naming conventions emphasising development outcomes.

During the year under review the Department continued to lead and coordinate an integrated approach to the promotion and development of entrepreneurship, Micro, Small and Medium Enterprises (MSMEs) and co-operatives. We will not transform and build a more inclusive economy without significantly increasing the contribution of MSMEs and co-operatives, both to national output and job creation. This places us as the DSBD at the core of the MTDP's apex priority of driving inclusive growth and job creation.

During the 2024/25 financial year under review, the Department made significant progress on policy reforms aimed at building a more enabling environment for MSMEs and co-operatives.

This included:

- Developing the MSMEs and Co-operatives Funding Policy which was approved by Cabinet on 18 September 2024. The policy is aimed at increasing public sector and private sector funding from MSMEs

and co-operatives through the creation of a Fund of Funds, the development of an alternative credit ratings system, and the establishment of a moveable asset register, among other interventions.

- Developing the Business Licensing Policy which was submitted in March 2025 to the Cabinet Office for Cabinet approval through the Economic Sectors, Investment, Employment and Infrastructure Development (ESIEID) Cabinet Committee. The Department also made significant progress on the Business Licensing Bill which will be submitted to Cabinet in 2025/26 for ultimate onward submission to Parliament. Both the Policy and the Bill are aimed at addressing small business licensing bottlenecks through streamlining the business licensing regime.
- Making significant progress on the Township and Rural Economic Development and Revitalization Policy, aimed at turning marginalized township and rural economies into vibrant economies with strengthened backwards and forward linkages into South Africa's mainstream economy. The Policy, which will go to Cabinet in the 2025/26 Financial Year, will also enable more joined up investment and support for township and rural entrepreneurs across government, and including the private sector.
- Finalizing the work on the Sector-focused and Hybrid Incubation Strategy, and the National Entrepreneurship Strategy (NES), both of which will serve at Cabinet in this 2025/26 Financial year. Together, these strategies will address key gaps in the entrepreneurship support eco-system and allow for better co-ordination and articulation between government and other eco-system stakeholders.

We continued to strengthen our performance as a department. We achieved 88% of performance targets during 2024/25 financial year compared to 85% during the 2023/24 financial year. We spent 98.4% of the budget of R2.419 billion, amounting to R2.378 billion. We maintained our unqualified audit opinion, with no findings for both the Annual Financial Statements (AFS) and performance information.

We made strides towards building a more capacitated and capable portfolio, most notably through the establishment of the Small Enterprise Development and Finance Agency (SEDFA), launched on the 01 October 2024. The new entity merges the Small Enterprise Development Agency (Seda), the Small Enterprise Finance Agency (sefa), and the Co-operative Banks Development Agency (CBDA), as enabled by the National Small Enterprise Amendment Act 21 of 2024. This will allow for better integration of financial and non-financial support to MSMEs and co-operatives.

We also built our own research capacity in the department which is critical for evidence-based policy and planning, as well as eco-system co-ordination.

Going forward we will continue to build our capacity to better lead the MSME support eco-system, including across the whole of government.

I wish to thank the Deputy Minister, Honourable Jane Sithole, the Chairperson, Board members and management team of SEDFA, the Director-General, Ms Thulisile Manzini, and the management team and entire staff of the Department of Small Business Development for their commitment and support. I can always count on them to put shoulder to the wheel when needed.

We also appreciate the guidance and contribution to the work of supporting small businesses in South Africa by the Portfolio Committee on Small Business Development, and the Select Committee on Economic Development and Trade. Their oversight is essential to keep us focused on our targets and accountable to the MSMEs and co-operatives we serve.



**Ms Stella Tembisa Ndabeni, MP**

*Minister of the Department of Small Business Development*

Date: 30 September 2025



## 4. DEPUTY MINISTER STATEMENT

### Ms Jane Sithole

*Deputy Minister of the Department of Small Business Development*

I am hereby supporting the tabling of the 2024/25 Annual Report, which reflect on the previous financial year's departmental performance against the tabled 2024/25 Annual Performance Plan (APP). The 2024/25 Annual Report is a reminder of our broad objectives, and, in essence, it is stock-taking of what has been achieved, not achieved and where there is underachievement provides reasons for deviation and strategies to overcome the area of under achievement going forward.

The 2024/25 financial year marked the beginning of the new administration following the 2024 general elections. It was vital that as we adopt the seventh administration programmes and initiatives, we also had to re-evaluate their responsiveness to the needs of the MSMEs. In the seventh administration we introduced new measures, and these had to be aligned to our strategic objectives based on the new plans. Amongst other critical changes was the introduced the MTDP 2024-2029, which aligns with the goals and objectives of the NDP and the programme of priorities of the GNU.

During the year under review, the Department managed to decrease the vacancy rate by 6.6% from 26.2% to 19.6% and continued implementation of the Strategy for the Recruitment of Persons with Disability to increase representation. The Strategy called for amongst others an increase in youth with disability. Notable progress in increasing representation was made with the appointment of five Persons with Disabilities (PWDs), however, the significant increase in employment additional to the establishment resulted in representation only improving from 3.7% during 2023/24 financial year to 4% at the end of 2024/25 financial year. The Department also maintained female representation in the Senior Management Service (SMS) above the required 50% throughout the period. The reporting period ended with 54.3% female SMS representation. The Department also made significant

progress in youth employment, which increased from 22.8% to 34%. The Department performed well with regards to internal and external communications support. Regarding the internal communication, the Department provides communications assistance in the Ministry and on all Inter Ministerial and Governmental programmes. With regards to the external communication, the Department conducted 116 DSBD and its Agencies' Public Engagement Programmes Implemented within district municipalities and provinces.

During the year under review, Department produced a summative evaluation report of the Integrated Strategy on the Development and Promotion of the Co-operatives (ISDPC). The main objective of this evaluation was to assess the effectiveness of the ISDPC in achieving its intended outcomes over the ten-year period. Specifically, it aimed to assessing the extent to which anticipated results (outcomes) were realised, identification of key strengths and weaknesses in the implementation of the strategy and making practical recommendations for improvement. The outcome of the evaluation highlighted areas of success and noteworthy areas of improvement, which will guide the review of the ISDPC. The achievement of this target significantly advances progress towards achieving the institutional outcomes.

Furthermore, the Department produced a **research report** on the challenges, opportunities and support required by MSMEs and Co-operatives in the agriculture, mining, manufacturing, and tourism sectors on the short, medium, and long terms. The research objectives were to first identify and analyse challenges by examining systemic and sector-specific barriers that inhibit the growth and sustainability of SMMEs and Co-operatives. Secondly, prioritise opportunities by highlighting sector-specific opportunities that can catalyse economic development, with a focus on scalable and sustainable business

models. Lastly, evaluate support structures by assessing the effectiveness of existing financial and nonfinancial support mechanisms, and provided recommendations for enhancing their impact.

As a result, the research indicated sector-specific disparities, with agriculture, tourism, and mining facing unique challenges that require tailored interventions. Despite these challenges, the research identified opportunities for MSMEs to thrive. The research also categorised support mechanisms into financial and non-financial forms by emphasising the need for a holistic approach to build capacity and resilience for MSMEs and Co-operatives. The outcome of the research highlighted recommendations that were sector specific and could guide the development of MSMEs and Co-operatives in these sectors. The achievement of this target will inform the development of the planning, policies, programmes, and interventions concerned with MSMEs and Co-operatives in these sectors.

The Department, through Integrated Co-operatives and Micro Enterprise Development programme during the year under review, was entrusted to contribute to the following key outcomes:

- Increased participation of SMMEs and Co-operatives in domestic and international markets, and
- Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.

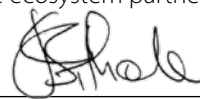
To realise the set outcomes, the Department during the year under review had set the following deliverables, amongst others mainstreaming programmes on empowerment and development of Women, Youth and Persons with Disabilities (WYPWDs) with minimum targets: a minimum 40% target for women, 30% for youth and 7% for Persons with Disabilities (PWDs):

- The Department had set itself a target of 250 products manufactured, and services rendered by SMMEs and Co-operatives linked to domestic market. A total of 302, against an annual target of 250, products manufactured, and services rendered by SMMEs and Co-operatives were linked to the domestic market.
- 200 SMMEs and Co-operatives exposed to global market opportunities: A total of 244 SMMEs and Co-operatives were exposed to global market opportunities (against an annual target of 200). The SMMEs and Co-operatives that produced the products included 29 women-owned, 106 Youth-owned and 5 PWDs owned.

- 210 Co-operatives supported non-financially through various interventions like governance training, access to local markets, etc. The Department supported 243 (vs annual target of 210) Co-operatives non-financially. The SMMEs and Co-operatives that produced the products included 141 women-owned, 49 Youth-owned and 7 PWDs owned.
- 40 Co-operatives supported financially through the Co-operatives Development Support Programme implemented through SEDFA. During the year under review, 47 Co-operatives (against an annual target of 40) were supported financially. The SMMEs and Co-operatives that produced the products were made up of 185 women-owned, 86 Youth-owned and 20 PWDs owned.
- 2 000 informal businesses supported through IMEDP. A total of 2 920 (vs annual target of 2 000) informal businesses were supported through the IMEDP. The SMMEs and Co-operatives that produced the products were made up of 1 849 women-owned, 1 047 Youth-owned and 32 PWDs owned.

This is encouraging performance, and this will also motivate the Department to achieve more of the 2025/26 Annual Performance Plan targets and contribute significantly towards achieving the apex strategic priorities of the Seventh administration, guided by the Government of National Unity, which are to drive inclusive growth and job creation; reduce poverty and tackling the high cost of living; and build a capable, ethical and developmental state.

I wish to thank the Minister for Small Business Development, Honourable Stella Tembisa Ndabeni, for her leadership and support. I also extend my gratitude to the Director-General, Ms Thulisile Manzini, and all the officials of the DSBD for their continued commitment to the work of the Department. The support and contribution of the entity (SEDFA), led by the Acting Chief Executive Officer, Mr Nkosikhona Mbatha, together with its Board Members is much appreciated. I cannot conclude without thanking the Parliamentary Committees, especially the Portfolio Committee on Small Business Development, for their leadership and guidance throughout the financial year under review; as well as the working relationship we continued to build with MSMEs and Co-operatives, and the ecosystem partners at large. I thank you.



**Ms Jane Sithole**

*Deputy Minister of the Department of Small Business Development*

Date: 30 September 2025



## 5. REPORT OF THE ACCOUNTING OFFICER

**Ms Thulisile Manzini**

*Director-General*

*Department of Small Business Development*

### 1.1. Introduction

This annual report marks the closure of the Sixth administration and transition into the seventh administration. We reflect on the significant strides made by the Department of Small Business Development (DSBD) in transforming an inclusive economy led by sustainable and competitive Micro, Small and Medium Enterprises (MSMEs) that will contribute to broad-based economic growth. During the year under review, the Department implemented its key strategic priorities, which were aligned to the goals of the Government of National Unity, the Seventh Administration priorities, DSBD revised 2020-25 Strategic Plan. Despite the unfavourable economic outlooks, the Department managed to achieve 88% of its set targets for the 2024/25 financial year.

### 1.2. Overview of the Operations of the Department

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 within the prescribed 30 day period.

Against an annual target of reducing the vacancy rate by 5%, the Department successfully managed to decrease the vacancy rate by 6.6% from 26.2% to 19.6% and continued implementation of the Strategy for the Recruitment of Persons with Disabilities (PWDs) to increase representation. The strategy called for, amongst others, an increase in youth with disabilities. Notable progress in increasing representation was made with the appointment of five PWDs within the Department. However, the significant increase in employment additional to the establishment

resulted in representation only improving from 3.5% to 4%. The reporting period ended with 54.3% female representation at Senior Management Service (SMS) level and Department also made significant progress in youth employment, which increased from 22.8% to 34% during the period under review.

The Department continues to present a unified message to internal and external stakeholders, creating synergy and reinforcing the Department's objectives. The Department, together with its entity, the Small Enterprise Development and Finance Agency (SEDFA), implemented 116 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 and SEDFA, with the aim of providing financial and non-financial support to Micro, Small and Medium Enterprises (MSMEs) and Co-operatives to increase the uptake of programmes offered by the SBD Portfolio.

In an effort to oversee transversal support within the ecosystem to provide a conducive environment for MSMEs, the Department's focus on reducing regulations remains a significant focal area, along with ongoing efforts to educate municipalities on how to eliminate municipal red tape. During the year under review, the Department trained 52 municipalities on the Red-Tape Reduction Awareness Programme to improve and simplify processes using the Red Tape Reduction Guidelines. The continuous implementation of these measures is a direct response to Cabinet statements that the Department is responsible for making recommendations on how to improve the regulatory environment for small businesses and Co-operatives in municipalities. Additionally, the Department provides bi-annual progress reports on the Regulatory Reform Implementation Plan.

Upon approval of the organisational structure in fiscal year 2022/23, the Department's Sector Policy and Research Branch assumed new responsibilities, including Inter-governmental Relations (IGR) function. During the period under review, the Department developed and approved an IGR Framework to promote and ensure a consistent approach to good service delivery in collaboration with other important stakeholders within MSMEs ecosystem. The Department is responsible for conducting research and knowledge management services in guiding the development and review of policies, strategies and programmes intended for the benefit of MSMEs, Co-operatives and the informal sector operating in various sectors of the economy. As a way of illustration, the research functions are to set up a Research Agenda for the SBD ecosystem coupled with the development and maintenance of knowledge repositories. During the financial year under review, the Department commissioned an evaluation study and one research report.

To drive economic transformation through integrated informal business, Co-operatives and Micro Enterprise Development and Support, 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 MSMEs and Co-operatives.

The implementation of the SMME-Focused Localisation Policy Framework saw a total of 302 products manufactured and services rendered by MSMEs and Co-operatives linked to the domestic market in the period under review.

In addition, the Department implemented the Small Business Exporter Development Scheme (SBEDS) Guidelines. 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 aim 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 2024/25 financial year, 244 MSMEs and Co-operatives were exposed to global market opportunities against the set annual target of 200.

The Department continued implementing the Co-operative Development Support Programme (CDSP), which is a programme of DSBD with the objective of supporting Co-operatives enterprises financially and non-financially in partnership with other key strategic stakeholders. The CDSP programme offers blended finance to eligible co-operatives, which is a cost-sharing funding made up of a combination of a grant and loan. The grant funding portion is capped at R2.5 million towards qualifying activities. The grant support is available

for machinery, equipment, infrastructure, commercial vehicles and business development support necessary to grow Co-operative enterprises to ensure that the co-operative enterprises develop to be more sustainable and competitive. During the period under review, 243 Co-operatives were supported non-financially and 47 Co-operatives were supported financially.

The Department supported small businesses and entrepreneurs across the spectrum, from informal enterprises to high-growth, high-tech start-ups, through the Informal Micro Enterprises Development Programme (IMEDP), which is a departmental programme that aims to empower and develop informal traders to become skilled and adequately equipped to manage their businesses. It also provides equipment and machinery needed in the sector. A total of 2 920 informal businesses were supported through the IMEDP against a set target of 2 000.

To oversee the promotion of an ecosystem that enhances entrepreneurship and innovation during the establishment, growth, and sustainability of MSMEs and Co-operatives, on 18 September 2024, Cabinet approved the MSMEs and Co-operatives Funding Policy for implementation. The implementation plan was developed to guide the operationalisation of the MSMEs and Co-operatives Funding Policy. The Policy seeks to eliminate obstacles that prevent MSMEs and Co-operatives from obtaining finance support. These interventions will also enable seamless transitions from informal to formal enterprises and from small to medium enterprises. The policy provides for the creation of a funding environment for targeted groups such as youth, women, and persons with disabilities. During the year under review, two MSMEs and Co-operatives Funding Policy Implementation reports were approved.

As part the DSBD's outcome that focuses on expanding access to financial and non-financial support and implementing responsive programmes to new and existing MSMEs and Co-operatives, the Department supported 43 091 start-up youth businesses against a target of 10 000. This significant overachievement is attributed to the high volume of applications for start-up youth businesses received and processed during the 2024/25 financial year.

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 27 526 townships and rural enterprises were supported.

The Department also promoted competitiveness within the small businesses sector. Competitive MSMEs and co-operatives are those that are supported financially and/or non-financially, with the ability to create or sustain jobs. A total of 58 473 competitive MSMEs and Co-operatives were supported by 31 March 2025.

During the year under review, the Department achieved a key policy milestone with the Cabinet approval and gazetting of the MSMEs and Co-operatives Funding Policy. The policy establishes a coordinated, inclusive, and standardised framework for financing small enterprises and co-operatives. It is designed to enhance accessibility to financial support, promote developmental and transformative funding, particularly for Black-owned, women-led, and youth-led enterprises, and reduce duplication across funding programmes.

### 1.3. 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 R503.8 million, which was transferred to the National Revenue Fund. The largest portion of this revenue includes R503 million **sefa** old unspent allocation recalled by National Treasury to the National Revenue Fund, while other contributions came from parking rentals (R15 thousand), insurance/premium deductions (R49 thousand), GEHS money forfeited by officials who resigned from previous employers (R11 thousand), interest earned on bank accounts (R203 thousand), the sale of a departmental vehicle (R240 thousand), departmental debt (R6 thousand) and an insurance payout for a written-off vehicle (R211 thousand).

| Departmental receipts                                | 2024/2025  |                         |                          | 2023/2024  |                         |                          |
|------------------------------------------------------|------------|-------------------------|--------------------------|------------|-------------------------|--------------------------|
|                                                      | Estimate   | Actual Amount Collected | (Over)/ Under Collection | Estimate   | Actual Amount Collected | (Over)/ Under Collection |
|                                                      | R'000      | R'000                   | R'000                    | R'000      | R'000                   | R'000                    |
| <b>Tax Receipts</b>                                  |            |                         |                          |            |                         |                          |
| Sale of goods and services other than capital assets | 66         | 64                      | 2                        | 64         | 62                      | 2                        |
| Transfers received                                   | 0          | 211                     | (211)                    |            | -                       |                          |
| Fines, penalties, and forfeits                       | 0          | 11                      | (11)                     | 0          | 3                       | (3)                      |
| Interest, dividends, and rent on land                | 24         | 203                     | (179)                    | 26         | 1 212                   | (1 186)                  |
| Sale of capital assets                               | 240        | 240                     | 0                        | 0          | -                       |                          |
| Financial transactions in assets and liabilities     |            | 503 106                 | (503 106)                | 26         | 1 142                   | (1 116)                  |
| <b>Total</b>                                         | <b>330</b> | <b>503 835</b>          | <b>(503 505)</b>         | <b>116</b> | <b>2 419</b>            | <b>(2 302)</b>           |

#### Programme Expenditure

Annual expenditure as of 31 March 2024 amounted to R2.380 billion (98.4%) against the final appropriation of R2.419 billion, resulting in a variance of R39.2 million (1.6%). The main reasons for underspending are as follows:

- **Administration Programme** contributed R970 thousands to the underspending due to vacancies (R693 thousands). Goods and Services and capital assets contributed R104 thousand and R172 thousands respectively.
- **Sector Policy and Research** contributed R7.9 million - Compensation of employees and Goods and Services contributed R7million and R884 thousand respectively, due to vacancies and delays in concluding research acquisition relating to the Cannabis project. While households and capital assets contributed R1 thousand and R12 thousand respectively.
- **Integrated Co-operatives and Micro Enterprise Development** contributed R28.5 million largely due to transfers (R23.3 million) due the delayed commencement of the SEIF programme. Compensation of employees contributed R5.1 million due to vacancies, while goods and services and capital assets contributed R106 thousands and R3 thousands respectively.
- **Enterprise Development, Innovation and Entrepreneurship** contributed R1.8 million largely due to vacancies (R1.7 million), goods and services (R84 thousands), and R20 thousands under capital assets.

## Virements

During the 2024/25 financial year, virements were implemented in accordance with section 43 of the Public Finance Management Act, 1999 (Act No. 1 of 1999), or PFMA, and reported to National Treasury (NT).

| Programme Name                                            | Final Appropriation | Actual Expenditure | (Over)/ Under Expenditure |
|-----------------------------------------------------------|---------------------|--------------------|---------------------------|
| Administration                                            | 162 389             | 4 280              | 166 669                   |
| Sector Policy and Research                                | 47 675              | (2 427)            | 45 248                    |
| Integrated Co-operatives and Micro Enterprise Development | 173 733             | (2 534)            | 171 199                   |
| Enterprise Development, Innovation and Entrepreneurship   | 2 035 748           | 681                | 2 036 429                 |
| <b>Total</b>                                              | <b>2 419 545</b>    | <b>-</b>           | <b>2 419 545</b>          |

### Reason for the virement

- The **Administration Programme** received an amount of R4.3 million. Programme 2: Sector Policy and Research contributed a net virement of R2.4 million, to cover the shortfall for travel (R2.2 million), Computer services (R158 thousand) and capital assets (R30 thousand). Programme 3: Integrated Co-operatives and Micro Enterprise Development contributed R1.8 million for compensation of employees (R1.1 million) and transfers-households (R400 thousands), and capital assets (R308 thousand).
- Programme 2: Sector Policy and Research** contributed a net virement of R2.4 million. The funds were reprioritised from goods and services, to cover the shortfall for travel (R2.2 million), Computer services (R158 thousand) and capital assets (R30 thousands) under Programme 1: Administration.
- Programme 3: Integrated Co-operatives and Micro Enterprise Development** contributed a net virement of R2.5 million. The funds were reprioritised from compensation of employees (R1.5 million) and goods and services (R1 million), to cover the shortfall under Programme 1: Administration for compensation of employees (R1.1 million) and transfers-households (R400 thousands), and capital assets (R308 thousands). An amount of R681 thousand was reprioritised to Programme 4: Enterprise Development, Innovation and Entrepreneurship to cover the shortfall under goods and services.
- Programme 4: Enterprise Development, Innovation and Entrepreneurship** received an amount of R681 thousands from Programme 3: Integrated Co-operatives and Micro Enterprise Development to cover the shortfall under goods and services.

### Roll-overs

The department did not request for roll-overs for the 2024/25 financial year.

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

### Unauthorised expenditure

The DSBD did not incur any unauthorised expenditure.

### Fruitless and wasteful expenditure

The fruitless and wasteful expenditure balance as of 31 March 2025 is R6 358.00

A case of negligence on the order issued to a supplier at an amount of R6 358.00 to supply, deliver and assemble two (2) three-tiered Food Service Trolleys (Three-tiered with lockable side doors, Food Service Trolley). Investigation concluded and the case has been confirmed. The state did suffer losses and the consequence process in progress. The strategic focus over the short to medium term period 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 MSMEs and Co-operatives over the medium term:

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

- NISED Strategic Framework:** SBD Portfolio to own its leadership role in the ecosystem by pushing policies that are in the interest of MSMEs and Co-operatives that states that the Department must play a coordinating, advocacy, and leadership role.

- **Co-operative Strategy:** The Department's Co-operatives Development Support Programme (CDSP) is intended to support Co-operative enterprises. Through this Programme, the SBD Portfolio will seek to support 50 Co-operatives financially.
- **National Informal Business Upliftment 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 to facilitate access to upliftment programmes. For the 2025/26 financial year, 2 000 informal businesses will be supported through the IMEDP.

## ii. Policy and legislation to create an enabling environment for MSMEs within which to operate:

- Implement the MSMEs and Co-operatives Funding Policy to ensure improvement in access to finance for MSMEs, focusing on the Fund of Funds, which is a financial structure where the government allocates capital into a parent fund, which then invests in a portfolio of smaller, independent funds. This approach allows the government to indirectly support a wide range of start-ups, and MSMEs or specific sectors, rather than investing directly in individual companies. Fund of Funds can be capitalised using underspending from the one (1) per cent allocated to the Enterprise Development component. Care must be taken to ensure that this is only implemented in case of access to finance market failures and not as an alternative to finance markets. Red Tape Reduction Programme: to be implemented in partnership with other departments and Provinces, ensuring that the growth of MSMEs is not hindered by the red-tape measures that exist in the system.
- a) Five (5) laws and/or regulations that pose administrative burdens to MSMEs are recommended for reform.
- b) 20 municipalities assisted with the rollout of E-registration system.
- c) Four (4) Red Tape Reduction Indicators Implemented.
- d) Work with National Treasury to improve compliance with the 30-day payment requirements, focusing on MSMEs.
- Business Licencing Bill taken to Cabinet for approval and passed by Parliament during the 2025/26 Financial year.

- In supporting innovation, digitalisation and modernisation of the State, the SBD Portfolio will review its SBD Portfolio Digital Transformation Strategy.
- To facilitate increased access to financial and non-financial support for Small Enterprises, Rural, and Township Economies Outcome, the following policies will be developed and submitted for approval by Cabinet:
  - a) National Policy Framework on Incentives for Small Enterprises.
  - b) Township and Rural Economy Revitalisation Policy.
  - c) Start-up Policy.
  - d) National Entrepreneurship Strategy and Implementation Plan.
  - e) Incubation and Business Development Services Policy Framework.

## iii. Township and Rural Revitalisation Policy Framework

- **Township and Rural Entrepreneurship Programme (TREP)** by the SBD Portfolio in collaboration with COGTA, the dtic, National Treasury, Provincial Economic Development Departments, and selected municipalities. During the 2025/26 financial year, Township and rural MSMEs will be supported financially and/or non-financially to the value of approximately R369 000.
- **Small Enterprise Manufacturing Programme:** To promote and encourage localisation in targeted sectors, the Department, through SEDFA, in collaboration with the dtic, introduced the Small Enterprise Manufacturing Programme.
- **Asset Assist Support Programme** - The programme is allocated a total of R219.3 million in 2025/26 and R663.7 million over the MTEF period. Asset assist seeks to support small businesses with equipment, machinery, and stock. The programme is targeted at South African MSMEs that are registered with Companies and Intellectual Property Commission (CIPC) and are compliant with tax requirements and other relevant legislation. Asset Assist places priority on small businesses in rural, township and peri-urban areas with majority participation of women, youth, and persons with disabilities.

#### iv. Localisation Policy Framework and Implementation Programme on MSMEs

- Building manufacturing and capacity.
- Imports substitution.
- Products manufactured by the MSMEs.

During the 2025/26 financial year, in response to the trajectory to ensure that 1 250 products/services manufactured and rendered by MSMEs are linked to the domestic market by 31 March 2029, 250 MSMEs' products manufactured, and services rendered will be targeted for the domestic market.

**Business Infrastructure:** Business infrastructure where small businesses will interact with the market to showcase their product or service offering with a view to transact. During the 2025/26 financial year, the Department plans

to refurbish or build ten (10) business infrastructures, including Product Markets and MSMEs Hubs, for MSMEs and Co-operatives.

#### v. The Portfolio MSMEs interventions will prioritise women, youth and PWDs to ensure a minimum 35% target for women, 30% for youth and 3% for PWDs, especially in the Township and Rural areas.

#### Public Private Partnerships

The Department did not enter 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

| No. | List new/ proposed activities                      | Reasons for new activities                                                                                                                                                                                                                                                                                                                                                                   | Effect on the operations of the Department                                                                                                                                                                                                                                                                                                                                                                                                                  | Financial implication of each new activity |
|-----|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 1.  | Red-Tape Reduction Framework for Small Enterprise. | Following the 2024/25 Planning Cycle, the department prioritise the development of the Red-Tape Reduction Framework as guideline to provide municipalities and businesses with training to address municipal Red Tape issues, which have the potential to improve the business environment for small businesses since the Department was using outdated the dtic guidelines.                 | Positive as the Department now plays a pivotal role in the Red-Tape Reduction Awareness space guided by the well thought Framework, which is to provide municipalities and businesses with training to address municipal Red Tape issues, which have the potential to improve the business environment for small businesses. An improved business environment is essential for supporting accelerated economic growth, job creation, and poverty reduction. | Goods and Services item                    |
| 2.  | DSBD IGR Framework.                                | Following the approval of the organisational structure in fiscal years 2022/23, Department through its Sector Policy and Research programme assumed new responsibilities, including IGR, Partnership framework and Value Chain Assessment of cannabis industry in the primary sector, construction industry in the secondary sector and wholesale and retail industry in the tertiary sector | The DSBD sector specific IGR Framework which is intended to guide the DSBD portfolio and its stakeholders in coordinating MSME support and align reporting of such support to the relevant MTDP targets for the sector. The framework will provide for dispute resolution mechanisms and IGR structures for Agreements on inter-governmental collaborations.                                                                                                | Goods and Services item                    |
| 3.  | Partnership framework.                             |                                                                                                                                                                                                                                                                                                                                                                                              | The development emphasises the importance of developing a support mechanism framework to grow the Private Public Partnership pipeline for the SMMEs and Co-operatives.                                                                                                                                                                                                                                                                                      | Goods and Services item                    |

| No. | List new/ proposed activities                                                                                                                                               | Reasons for new activities                                                       | Effect on the operations of the Department                                                                                                                                                                                                                                                                                                                                | Financial implication of each new activity |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 4.  | Value chain assessments of cannabis industry in the primary sector, construction industry in the secondary sector and wholesale and retail industry in the tertiary sector, |                                                                                  | The Department through its Sector Specific Support Chief Directorate will conduct a cannabis industry in the primary sector, construction industry in the secondary sector and wholesale and retail industry in the tertiary sector in relation to inputs, outputs and market barriers and opportunities for the benefit of SMMEs and Co-operatives.                      | Goods and Services item                    |
| 5.  | Monitoring Reports on the Performance of the Incubation and Digital Hub supported produced.                                                                                 | To align the Department's key activities to the Minister's Performance Agreement | The Performance of the Incubation and Digital Hub reports provides SMMEs with business development support from early idea generation to commercialisation. Put differently, the programme rendered stage-gated support through pre-incubation, incubation, and post-incubation processes delivering support in the form of both technical and business-related services. | Goods and Services item                    |

### Supply chain management

- List all unsolicited bid proposals concluded for the year under review**

One unsolicited bid was granted to service provider at no cost for DSBD to utilise their online registration platform for small businesses in the townships.

- Indicate whether SCM processes and systems are in place to prevent irregular expenditure**

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

- Challenges experienced in SCM and how they were resolved**

The Supply Chain Management unit is facing capacity challenges.

### Gifts and Donations received in kind from non-related parties during 2024/25 financial year

| No. | Name of Donor                                | Description                                                                                                                                                                                              | Estimated Amount (R) |
|-----|----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| 1.  | Siyenza Events                               | Carrol Boyes notebook and pen set                                                                                                                                                                        | R499.00              |
| 2.  | Department of Small Business development     | Donation of sanitary pads by DSBD during women's events                                                                                                                                                  | R16 500.00           |
| 3.  | Old Mutual                                   | 2 Tickets to attend Old Mutual music in the gardens                                                                                                                                                      | R3000.00             |
| 4.  | Centre of Scientific Research and Innovation | Product marketing (Hemp seed oil, Cannabis Hempseed Body Butter, Hemp seed oil infused shower gel, Hemp seed oil infused body butter, CBD infused shortbread cookies, CBD oil infused pain relief cream) | R1285.00             |
| 5.  | eThekweni Local Municipality                 | Note pad and squeeze bottle                                                                                                                                                                              | R150.00              |
| 6.  | University of Fort Hare                      | Water bottle, note pad, pens, and power bank                                                                                                                                                             | R250.00              |
| 7.  | Eco car Rental and Chinese Embassy           | Biscuits, Le creuset water bottle and wine                                                                                                                                                               | R750.00              |
| 8.  | Algerian Ministry of Knowledge Economy       | Sweets                                                                                                                                                                                                   | R350.00              |

### Exemptions and deviations received from the National Treasury

As of 2024/25 DSBD did not request any exemption. Supply chain deviations approved and concluded for the financial year 2024/25 in line with instruction note 3 of 2021/22 amount to R5 186 536.81

### Events after the reporting date

Not applicable

### Other

Not applicable

### Any other material fact or circumstances, which may have an effect on the understanding of the financial state of affairs, not addressed elsewhere in this report.

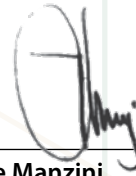
Not applicable

### Acknowledgement/s or Appreciation

I would like to extend my sincere appreciation to Minister Stella Ndabeni and Deputy Minister Jane Sithole for their astounding leadership. My appreciation also goes to the Executive and entire staff of the Department for their hard

work, dedication and sacrifices in pursuing the objectives of the Department. The 88% achievement recorded for 2024/25 financial year is testament to the dedication of the employees. Significant impact has been made as substantial support was provided to the MSMEs and Co-operatives.

Key to driving our mandate is the agency of the Department, SEDFA. I wish to extend my gratitude to Mr Nkosikhona Mbatha, the acting CEO of SEDFA and his team for their contribution to the Small Business Development Portfolio. I also wish to acknowledge the support and contributions of all our stakeholders in the ecosystem. Let us continue to be a nation that works for all and remain ignited and committed to shaping our promising small enterprises and connecting them to resources they need to accelerate the growth of their respective businesses.



**Ms Thulisile Manzini**

*Director-General*

*Department of Small Business Development*

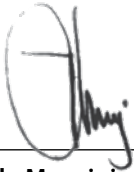
Date: 30 September 2025

## 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 2025.

Yours faithfully



**Ms Thulisile Manzini**

*Director-General*

*Department of Small Business Development*

Date: 30 September 2025

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

## 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 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 particular<sup>1</sup>:

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 or persons or categories of persons disadvantaged by unfair discrimination.*

Fully aligned to and arising from the Constitution, the 1995 White Paper<sup>2</sup> 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 MSMEs 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 MSMEs and Co-operatives.

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

<sup>2</sup> 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

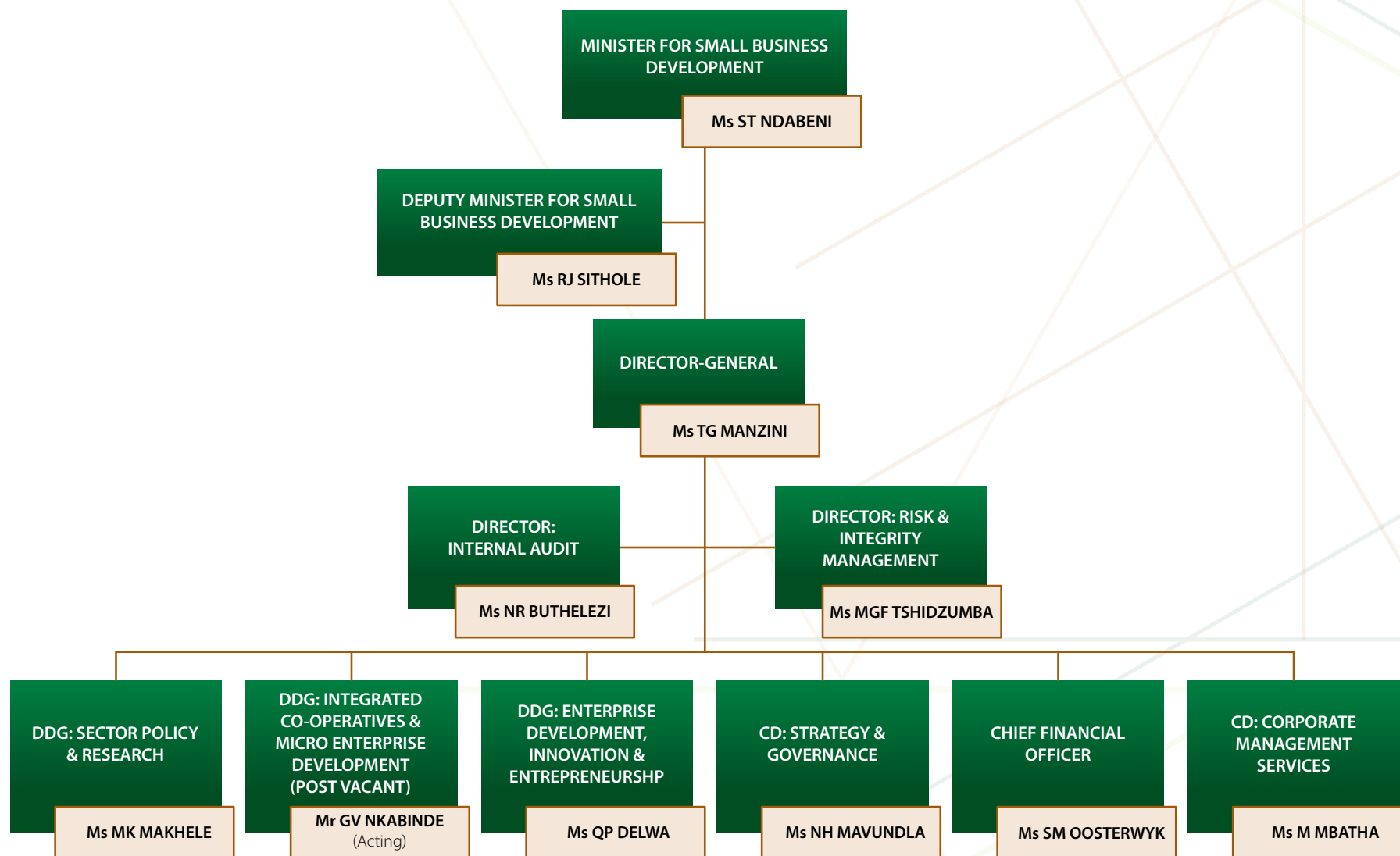
The following is the legislative and policy mandates that the DSBD is solely responsible for implementing, managing, or overseeing:

| 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.<br><br>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.<br><b>sefa</b> supports the development of sustainable MSMEs 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.<br><br>To promote the development of economically sustainable Co-operatives that will significantly contribute to the country's economic growth.<br><br>To increase the number and variety of economic enterprises operating in the formal economy.<br><br>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.<br><br>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.<br><br>To enable such Co-operative enterprises to register and acquire a legal status separate from their members.<br><br>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.<br><br>To establish a legislative framework that will preserve the Co-operative as a distinct legal entity.<br><br>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.<br><br>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,<br><br>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



10. ENTITIES REPORTING TO THE MINISTER

The table below indicates the entity that reports to the Minister.

| Name of Entity                                                 | Legislative Mandate                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Financial Relationship R'000 | Nature of Operations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Small Enterprise Development and Finance Agency (SEDFA)</b> | <p>Following the promulgation of the National Small Enterprise Amendment Act, 2024 (No. 21 of 2024) (NSEAA) and its subsequent proclamation by the President, Small Enterprise Development and Finance Agency (SEDFA) was established on 01 October 2024, with the individual entities (Seda, sefa and CBDA) dissolved on 1 December 2024.</p> <p>SEDA is established in terms of the NSEAA, which amended certain provisions of the National Small Enterprises Act, 1996 (No. 102 of 1996) as amended, the Co-operatives Act, 2005 (No. 14 of 2005) as amended, and the Co-operative Banks Act, 2007 (No. 40 of 2007) as amended.</p> | R1 958 464                   | Increased growth and sustainable MSMEs and co-operatives, enhanced access to finance by MSMEs and co-operatives, increased access to cooperative finance and service by communities to ensure economic transformation, increased localisation, and market penetration by MSMEs and co-operatives, integrated and coordinated ecosystem support for MSMEs and co-operatives and an agile, innovative excellent and customer centric organisation Institutional Policies, implementation of the NISED Framework, accelerate the Township and Rural Enterprise Programme (TREP), implement the township revitalisation policy, strengthen co-operatives development support, implement the MSMEs and co-operatives funding policy, promote localisation of the small enterprise manufacturing programme, ensuring prioritisation of the woman, youth, and PWDs procurement is promoted, mobilise resources for the DSBD game changer programme. |



# B PART

## 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 reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 142 of the Report of the Auditor-General, published as Part F: Financial Information.

## 2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

The Department performance against its tabled 2024/25 Annual Performance Plan (APP) output indicators and targets, is detailed in the tables below. The 2024/25 financial year represented the transition from Sixth Administration to Seventh Administration, as well as the last year of the implementing the Departmental revised 2020-25 Strategic Plan. The 2024/25 Annual Report outlines the performance of the Department against the tabled 2024/25 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             |

During the year under review, 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 30 (88%) of its set targets, and 4 (12%) of the targets were not achieved.

### 2.1. Service Delivery Environment

Government's assessment of economic performance at the start of the term of the current administration attributed the poor economic performance during the previous administration to, amongst others, the unfortunate fact

that despite impressive legislative reforms since the dawn of the democracy, the economic structures had not really changed. Markets remained concentrated and the vast majority of South African citizens were still excluded from the formal economy. Hence, the revised 2019-2024 MTSF identified "reducing concentration and monopolies and expanding the small business sector" as one of the key outcomes towards achieving economic transformation and job creation. Support towards small businesses and Co-operatives has been highlighted as one of the preconditions for accelerating economic transformation and job creation, and this is also listed as one of the medium-term initiatives geared towards addressing the triple challenges of unemployment, inequality and poverty as envisioned in the National Development Plan, Vision 2030 (NDP). However, it is recognised that in South Africa, the majority of MSMEs and Co-operatives are concentrated at the lower end of the enterprise development spectrum and face additional challenges, including:

- **Access to Funding:** Small businesses encounter difficulties in securing funding. Strict approval criteria set by commercial banks and development finance institutions (DFIs) make it challenging for MSMEs to access capital for growth and operations.
- **Market Access:** MSMEs struggle to compete in a highly concentrated South African economy. Larger businesses dominate the market, leaving smaller enterprises with limited access to customers and distribution channels. Despite efforts, this situation has not significantly improved over the past three decades.
- **Business Skills Gap:** Many small business owners lack essential entrepreneurial skills. Financial record-keeping, strategic planning, and effective management remain areas of weakness. Addressing this skills gap is crucial for sustainable business success.
- **Regulatory Burden:** Compliance with various regulations—such as tax laws, labour laws, and environmental requirements—proposes challenges for MSMEs. Limited expertise and resources often lead to non-compliance, resulting in fines and legal issues.
- **Bureaucratic Obstacles:** Red tape and bureaucratic processes hinder MSME operations. Cumbersome administrative procedures can be particularly burdensome for small businesses striving for efficiency.
- **Infrastructural Challenges:** Load shedding and other infrastructural issues increase operational costs for MSMEs. Reliable infrastructure is essential for smooth business operations.

- **Production Capacity:** Black-owned MSMEs, in particular, face challenges as suppliers of goods they do not produce themselves. Enhancing industrial capabilities and addressing production gaps are critical for their growth and sustainability.

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

The Department, during the year under review, had a target of securing five (5) Partnership agreements with the public and/or private sector to support MSMEs. Partnerships with the public and private sectors are crucial for supporting MSMEs because they leverage resources, enable pooling of financial, technical, and human resources, and expanding support for small businesses beyond what the Department can offer alone. Furthermore, partnerships enhance market access. Through collaboration, MSMEs can gain access to supply chains, markets, and new customer bases. Partners often provide training, mentorship, and tools that improve business sustainability and growth. Collaborations bring fresh ideas, modern technologies, and innovative solutions to longstanding challenges facing MSMEs.

Partnerships help align national development goals with industry needs, ensuring a practical, ground-level impact. Despite all these positives, the Department fell short of securing the targeted partnerships for the 2024/5 financial year, securing only one partnership. The failure to secure all five planned partnerships has several implications, which include amongst others, reduced support reach, slower progress toward strategic goals, missed opportunities for potential resources, expertise, or infrastructure from the unrealised partnerships not tapped into, weakening program effectiveness. This may raise concerns about the Department's ability to mobilise critical partnerships or respond to private/public sector expectations.

To address the shortfall and improve future outcomes, the Department will conduct a partnership gap analysis to identify why partnerships do not materialise, considering factors such as lack interest, misalignment of goals, administrative delays, or external economic factors. There is also a need to proactively engage potential partners early in the financial year through forums, roadshows, and direct consultations. While aiming for 5 partnerships again in the 2025/26 financial year, there may be a need for backup options to reduce risk of underachievement. Importantly, there is a need to track partnership development more regularly to identify delays and early intervention.

Delays in finalising the MSMEs and Co-operatives Funding Policy are concerning, as access to funding is always

cited as one of the key factors leading to closure of small businesses, thus inhibiting the growth of the small business sector. The finalisation of this Policy is crucial as it will contribute to improved financial support for small businesses.

Going forward, the Department will expand Small Business Sector through Business Incubators, which are a key driver of economic transformation and innovation and need to be scaled up. The DSBD will consider a legal mechanism to include incubation support as part of enterprise development to foster the participation of large firms in the incubation programme of government.

Regulatory reforms to alleviate regulatory burdens on MSMEs and the informal sector is another area of focus for the Department, which entails institutionalisation of Red Tape Reduction programmes across the three spheres of government to facilitate ease of doing business for MSMEs and Co-operatives. Some of the considerations include accelerating labour law reforms aimed at supporting MSMEs in SA, such as exemption of small businesses from Bargaining Council agreements through the finalisation of Amendments to labour laws; consider exempting MSMEs from the South African Revenue Service (SARS) 12-month tax clearance requirement and Unemployment Insurance Fund (UIF) requirements. Streamlining and simplifying the application process for MSMEs and Co-operatives funding to make it more accessible and reduce bureaucratic hurdles. Expand support for MSMEs and Co-operatives, especially township and village enterprises owned by women, youth, and persons with disabilities.

Furthermore, the Department has increased its research and evaluation output target from one to two for the 2025/26 financial year. More research provides data to guide effective strategies in MSME and Co-operatives development. Evaluation helps determine what is working, what is not, and why. Through these evidence-based processes, DSBD would be able to improve accountability, provide clear, documented findings to show stakeholders (funders, public, organisations, etc.) that research and evaluation efforts are effective as they enhance learning and development, and drive innovation that can lead to novel solutions or improvements in existing systems.

## 2.2. Service Delivery Improvement Plan

The Department has completed a Service Delivery Improvement Plan (SDIP). The tables below highlight the service delivery plan and the achievements up to the end of 2024/25 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.                             | Township and Rural Enterprises, the general public, Small businesses, co-operatives, informal businesses. | 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 the 2024/25 Financial Year, the Department (through its agency, SEDFA) has provided both financial and non-financial support to 27 526 MSMEs and Co-operatives through the TREP programme |
| Number of 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 2024/25 Financial year, 58 473 competitive MSMEs 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 had to adhere to, different approaches are being taken to reach beneficiaries. The Department utilises its call centre services, website and social media pages effectively to engage with stakeholders and beneficiaries.                                      | All beneficiaries have continuous equal access to the services offered by the Department. To reach beneficiaries, the Department and its agency will continue to utilise their call centre services, website and social media pages effectively to engage with stakeholders and beneficiaries.                                                                                                                                                  | The Department and its agency have adapted to ensure that all beneficiaries continue to have equal access to the services rendered through the call centre, websites, and social media platforms.                                                                                                                                            |
| Information is shared through the Department's call centre and all official media pages to effectively engage with stakeholders and beneficiaries.<br><br>Website: <a href="http://www.dsbd.gov.za">www.dsbd.gov.za</a><br>Email: <a href="mailto:info@dsbd.gov.za">info@dsbd.gov.za</a><br>Call centre number: 0861 843 384 | The beneficiaries will be given full, accurate, consistent, and user-friendly information performance information reports. Information will be shared through the call centre and all official media pages to effectively engage with stakeholders and beneficiaries.<br><br>Provision of a step-by-step process to be followed when accessing information on the website.<br><br>Website: <a href="http://www.dsbd.gov.za">www.dsbd.gov.za</a> | 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: <a href="mailto:info@dsbd.gov.za">info@dsbd.gov.za</a> 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.<br><br>Resolution turnaround time met: 100% success rate on complaints management with the following breakdown: 100% acknowledgement rate of receipt within two (2) days.<br><br>100% feedback on progress made after every three (3) working days.                                                                                                                  | The Call Centre, in close collaboration with Business Development Impact Support, continues to manage complaints as and when received.<br><br>The absence of an automated management system makes it difficult to measure turnaround times. Management is in the process of exploring ways of automating the complaints and appeals process. |

| Current/actual arrangements                                                                                                                                                                                                                                                                                                                                                                             | Desired arrangements                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 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 three (3) 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 and eight (8) metros.                                                                                                                | Public information sharing engagements on various interventions of the Department. These include consultative engagements, workshops, webinars, and public participation engagements conducted in municipalities across the country within all 44 districts and eight (8) metros.                                                                                                                                                                                     | During the year under review, the Department and its agencies conducted 116 public engagements in various district municipalities.        |
| Information regarding applications is made available on the website.<br><br>Performance information published in the performance reports.<br><br>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 at the Department and, Seda and sefa regional offices.<br><br>Information regarding applications is made available on the website.<br><br>Information regarding applications is made available on the SMMESA portal, which is an online tool. Performance information published in the performance reports.<br><br>The Department also has social media platforms in which the beneficiaries can engage the Department on any matters regarding the service. | The Department also has social media platforms in which the beneficiaries can engage the Department on any matters regarding the service. |
| Online applications, beneficiaries do not have to incur transport costs.<br><br>The programme offers improve productivity of the beneficiaries.                                                                                                                                                                                                                                                         | Online applications, beneficiaries do not have to incur transport costs.<br><br>The programme offerings improve productivity of the beneficiaries.                                                                                                                                                                                                                                                                                                                    | Applications may be submitted physically or online. The same screening process is followed.                                               |

### 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: <a href="http://www.dsbd.gov.za">www.dsbd.gov.za</a><br><br>Email: <a href="mailto:info@dsbd.gov.za">info@dsbd.gov.za</a><br><br>Call centre number: 0861 843 384 | The beneficiaries will be given full, accurate, consistent, and user-friendly information performance information reports. Information will be shared through the call centre and all official media pages to effectively engage with stakeholders and beneficiaries. Provision of a step-by-step process to be followed when accessing information on the website.<br><br>Website: <a href="http://www.dsbd.gov.za">www.dsbd.gov.za</a><br><br>Email: <a href="mailto:info@dsbd.gov.za">info@dsbd.gov.za</a><br><br>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: <a href="mailto:info@dsbd.gov.za">info@dsbd.gov.za</a> 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. | <p>100% (All service points) clearly outlined complaints mechanisms in place</p> <p>Resolution turnaround time met: 100% success rate on complaints management with the following breakdown: 100% acknowledgement rate of receipt within two days.</p> <p>100% feedback on progress made after every three working days.</p> <p>The call centre receives and registers all queries or complaints. Queries and complaints are dealt with immediately by the call centre or escalated to the relevant business unit. All queries and complaints are resolved within three days.</p> | <p>The Call Centre, in close collaboration with Business Development Impact Support, continues to manage complaints as and when received.</p> <p>The absence of an automated management system makes it difficult to measure turnaround times. Management is in the process of exploring ways of automating the complaints and appeals process.</p> |

## 2.3. Organisational Environment

During the year under review, the Department focused on the final phase of its structural implementation, which included the planned creation of 58 new positions. However, due to the unexpectedly high annual salary adjustment in 2023 and the ongoing cost containment measures introduced that year, the Department was unable to fund the creation of all 58 positions.

At the beginning of the period under review, the Department prioritised 14 of the 58 outstanding positions and commenced the year with 82 vacancies, reflecting a vacancy rate of 26.2%. Through focused recruitment efforts, the vacancy rate was reduced to 19.6%, representing a 6.6% improvement. A key highlight during the reporting period was the appointment of a Director-General (DG). Other critical positions filled included the Chief Director: Business Intelligence and Sector-Wide Monitoring and Evaluation, Director: Communications Management, Director: Innovation & Digital Business and Director: Business Efficiency and Effectiveness Optimisation.

To support workforce diversity, the Department continued to closely monitor senior management appointments, maintaining female representation above 50%. The reporting period closed with women holding 54.3% of senior management positions. Additionally, the Department increased its strategy to recruit persons with disabilities, increasing their representation from 3.7% to 4%, despite a significant headcount increase due to appointments beyond the approved establishment. The Department also achieved a significant increase in youth employment, rising from 22.8% at the beginning of the financial year to 34% by year-end of the financial year.

Two out of four strategic and top management positions were filled including the position of the Director-General. Key strategies for attracting and recruiting suitable personnel 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.

The Department enhanced internal skills and capabilities through focused training interventions in areas of governance, management, and compliance. The five approved Workplace Skills Plan (WSP) courses were implemented. Additional courses that emphasised the further enhancement of skills and capacity were in areas such as organisational and leadership development, as well as increased computer skills in Microsoft Excel. Furthermore, the Department allocated new bursaries aligned with fields like public administration, risk management, finance, research, and business management related studies, with R1.78 million spent on bursaries and R935 thousand on training initiatives. This has resulted in more focussed and effective work being done by governance structures [such as the Change Management, Information and Communications Technology (ICT) Steering and Employment Equity committees].

The Department again sustained improved performance management practices during the reporting period 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 employees' quality of work life towards creating an environment that facilitates a holistic growth and wellness of the DSBD employees.

The Department faced several challenges during the reporting period. A key challenge was the high workload, which highlighted the need for increased flexibility within the structure to manage high-impact activities and ad-hoc projects. There were multiple requests to review the structure, with some advocating for increased capacity and changes to functional clustering to better manage the workload. Additionally, the Department experienced an 8% increase in turnover due to terminations, which added pressure on filling vacancies. Despite this, the Department made progress in reducing the vacancy rate by 6.6%, successfully filling critical roles, particularly within senior management, while at the same time terminations within these critical roles and particularly within the senior management were witnessed during the period under review. The financial year closed with one of the two Deputy Directors-General that were appointed during 2023/24 financial year having resigned.

Regarding staffing beyond the approved establishment, 99 additional employees were brought on to assist with high-priority activities. This group now represents 28% of the total workforce, demonstrating the organisation's agility in responding to urgent needs. Furthermore, the organisation continued to focus on diversity, maintaining women in senior management at over 50% and employing persons with disabilities (PWD) at 4%.

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 Sixth administration set a target to at least 50% of national and provincial DFI financing dedicated to MSMEs and Co-operatives through establishment of the **MSMEs and Co-operatives Funding Policy** by March 2021/22 financial year. The Funding Policy development and approval was delayed due to the Department having to undertake further consultations before the Policy can be presented to Cabinet for approval. The MSMEs and Co-operatives Funding Policy was subsequently approved for implementation by Cabinet on 18 September 2024.

## 3. ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The Department made significant progress towards achieving its five-year targets, as per the revised 2020-25 Strategic Plan, 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 Medium Term Strategic Framework (MTSF) targets and Government of National Unity priorities. The Department's Impact Statement is to ensure that the MSMEs 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 third unqualified audit opinion with no material findings on Annual Financial Statements and its fourth 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 was set during the sixth administration, which stated that it needed to ensure that it obtains Unqualified Audit Opinions for both financial and nonfinancial performance information. 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 its valid creditors within 30 days and kept the variance rate less than 5% on an annual budget.

## Outcome Two: Improved, Integrated and Streamlined Business Processes and Systems

The Department, together with its entity SEDFA, saw to it that 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 52 municipalities to roll out the Red-Tape Reduction Awareness Programme. A total of 138 municipalities were supported to roll out the Red-Tape Reduction Awareness Programme over a five-year period. The Programme is primarily aimed at raising awareness, capacity building, and commissioning research that: a) Helps identify sources of red tape that affect small businesses and Co-operatives at both a national and local levels. b) Monitors and evaluates impact that the of Department's awareness initiatives, 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. Over a five-year period, a total of 1 394 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.

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, 871 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, MSMEs and Co-operatives in the domestic and international markets.

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

The revised 2019-24 MTSF had set the SBD Portfolio a target to establish 100 incubators by 2024. At the end of

2024/25 financial year, through SEDFA, 110 incubation centres had been established across the nine provinces.

Significant progress was also made in developing strategic policy instruments aimed at strengthening the entrepreneurial ecosystem. These include the **Township and Rural Economy Development and Revitalisation Policy, the Sector-focused and Hybrid Incubation Strategy, and the National Entrepreneurship Strategy (NES)**. These instruments are designed to guide interventions across all spheres of government and the broader ecosystem, unlocking the potential of small enterprises.

## 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 business licensing by setting national norms and standards; and, 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.

Subsequently, during the 2024/25 financial year, the Department following the presentation at EXCO on 09 December 2024, the Draft Business Licensing Policy and Bill was shared with the Office of the Minister on 24 December 2024. Later, inputs from the Minister were received and incorporated into the Draft Policy and the Bill. Cabinet Memorandum No.02 of 2025, on Draft Business Licensing Policy, 2025, and Cabinet Memorandum No.03, on Business Licensing Bill, 2025, were approved and submitted to Cabinet Office on 12 March 2025. Both instruments (Policy and Bill) were presented at the Economic Sectors, Investment, Employment and Infrastructure Development (ESIED) Cabinet Committee meeting on 02 April 2025. The Draft Business Licensing Policy, 2025, was presented for approval, whilst the Business Licensing Bill, 2025, was submitted for Cabinet Committee to note the progress.

**Progress on Business Licensing Policy:** The ESIED Cabinet Committee considered the Policy for approval. The Policy will be submitted to Cabinet for approval during quarter one of 2025/26 financial year. **Progress on the Business Licensing Bill, 2025:** The DSBD received feedback in a form of a legal opinion from the Office of the Chief State Law Adviser (OCSLA) on 16 April 2025. The legal

opinion proposed a number of reviews of the provisions of the Bill. The DSBD responded to the comments/reviews and submitted a revised Bill to OCSLA on 06 May 2025.

In the 2025/26 financial year, the Department will pay much-focused attention to getting the Business Licensing Bill approved by Cabinet and passed into law by Parliament. A focused attention on the Business Licensing Bill would require staff training to understand and enforce new licensing rules. Furthermore, this will need public engagement as more outreach and communication will be needed to educate businesses on the changes. With increased Research and Evaluation Studies Output, the Department would need more analysts, economists, or external consultants, increased need for data collection, storage, and analysis tools, as well as coordination with other departments or stakeholders for data access and dissemination. The findings of these research and evaluation reports may have significant influence on strategic planning and legislative initiatives. This work will need budget for internal and external research projects and for capacity building (training staff in research methodologies or hiring specialised personnel).

### 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 that 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). The 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 was 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.

Furthermore, the Department conducted value chain assessment of cannabis industry in the primary sector, construction industry in the secondary sector, and wholesale and retail industry in the tertiary sector.

- **The value chain assessment report of the wholesale and retail industry in the tertiary sector** contributes directly to the outcome “Increased contribution of SMMEs and Co-operatives in priority sectors.” During the financial year under review, the Department assessed and conducted research on the value chains in the wholesale and retail industry. Given the size of the retail and wholesale industry, the Department focused on the grocery retail market following the 2019 Grocery Retail Market Inquiry (GRMI) by the Competition Commission, which is an independent statutory body that promotes and maintains fair competition in the South African economic sphere. The value chain assessment revealed the status of implementation of GRMI recommendations, progress on prevailing and new findings and key challenges on implementation of the GRMI recommendations. On a positive note, there exists opportunities for small businesses to participate within the grocery retail market, albeit at difficult and fluid economic, business, technological and social environment. The assessment of the value chain on the wholesale and retail industry presented key recommendations on how small businesses can be supported to fully participate in the economy.
- **The value chain assessment report of the construction industry in the secondary sector** contributes to the outcome on increased contribution of SMMEs and Co-operatives in prioritised industries. The construction industry was chosen as one of the prioritised industries based on the labour absorption capabilities and the performance of the economy, with a potential to increase the much-sought job opportunities for both the formal and informal small enterprises. Their role within the construction industry cannot be understated, as key suppliers, contractors on independent projects, and sub-contractors supporting larger projects. However, their growth and sustainability in the construction Industry is often dependent on support from larger, and more established construction companies.

Some of the challenges often encountered by small enterprises within the construction industry include financial constraints, inability to meet building safety compliance regulations and standards, extortion behaviour, limited market opportunities, payment delays, general lack of high skilled labour etc. The assessment further identified opportunities such as manufacturing of building materials, meaningful sub-contracting, joint ventures, access to enterprise and supplier development programmes within both public and private sector, and demolitions as some of the ways that DSBD and the overall ecosystem can support small enterprises operating within the industry to ensure growth, sustainability and overall competitiveness.

- **The value chain assessment of cannabis industry in the primary sector** maintains that there is a role that MSMEs play in the cannabis industry value chain - starting from seedling, production processes, harvesting (upholding the prescribed standards to maintain the correct quality and form for various downstream processes), logistics and storage requirements and standards through to processing and beneficiation and services support (legal, compliance, marketing, amongst others). Cannabis production also plays an important role in agrarian livelihoods for some of South Africa's most marginalised rural communities. Formalisation of the industry presents potential opportunities for these communities but also threats such as barriers to entry.

### Outcome Seven: Expanded Access to Financial and Non-financial Support and Implemented Responsive Programmes to New and Existing SMMEs and Co-operatives

During the 2020-2025 Strategic Plan period, 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 MSMEs and Co-operatives through establishment of the MSMEs and Co-operatives Funding Policy. However, the Department encountered delays in finalising the MSMEs and Co-operatives Funding Policy resulting affecting MSMEs and Co-operatives to access to funding, which is always cited as one of the key factors leading to closures of small businesses, thus inhibiting the growth of the small business sector. The finalisation of this Policy was crucial as it will contribute to improved financial support for small businesses. The DSBD, in line with its mandate, is in the process of finalising and ensure it get approved as the first South African MSMEs 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 MSMEs 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 MSMEs and Co-operatives Funding Policy is expected to eliminate issues related to lack of coordination on MSMEs and Co-operatives funding support programmes, double dipping, and ecosystem fragmentation.

The **Township and Rural Entrepreneurship Programme**: This is a dedicated programme to provide financial and/or non-financial support to the township and rural enterprises with emphasis on enterprises owned and managed by the designated groups (Women, Youth and PWDs). The Department implements TREP through SEDFA, who provide financial and non-financial support.

During the period under review, 27 526 township and rural enterprises were supported financially and/or non-financially, bringing the total to 116 837 township and rural enterprises supported up to the end of 2024/25 financial year, since inception of TREP in 2020. With regards to the youth support, the SBD Portfolio provided financial and/or non-financial to 43 091 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 58 473 competitive SMMEs and Co-operatives through the SEDFA's non-financial and financial instruments. As at the end of 2024/25 financial year, since Programme's inception, the Department supported a total of 241 122 competitive small businesses and Co-operatives.

## 4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

### 4.1. Programme 1: Administration

#### 4.1.1. Purpose:

Provide strategic leadership, management, and support services to the Department.

#### 4.1.2. Sub-programme and Sub-Purpose:

- **Ministry** – Manage the office and render a support service to the Executive Authority (EA) and Deputy Minister.
- **Departmental Management** - Manage the provision of Strategic and Governance related services.
- **Corporate Management Services** - Oversee the provision of Corporate Management services.
- **Financial Management** – Manage and facilitate the provision of financial management services.

#### 4.1.3. Institutional Outcome

- Improved governance and compliance.

#### 4.1.4. Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

## PROGRAMME ONE: ADMINISTRATION PERFORMANCE AGAINST THE TABLED 2024/2025 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 2022/23                                                                                     | Audited Actual Performance 2023/24                                                                                     | Planned Annual Target 2024/25                                                                  | **Actual Achievement 2024/25                                                                                           | Deviation from planned target to Actual Achievement 2024/25                                   | Reasons for deviations                                                                                                  |
| <b>1. Improved governance and compliance.</b> | 1.1. Unqualified Audit Outcome for the Department.                                       | a) Unqualified Audit Outcome on non-financial performance information obtained.    | <b>Target Achieved:</b> Unqualified audit outcome on non-financial performance information for 2021/22 financial year. | <b>Target Achieved:</b> Unqualified audit outcome on non-financial performance information for 2022/23 financial year. | Unqualified Audit Outcome on non-financial performance information for 2023/24 financial year. | <b>Target Achieved:</b> Unqualified Audit Outcome on non-financial performance information for 2023/24 financial year. | N/A                                                                                           | N/A                                                                                                                     |
|                                               |                                                                                          | b) Unqualified Audit Outcome on Annual Financial Statements obtained.              | <b>Target Achieved:</b> Unqualified audit outcome on Annual Financial Statements for 2021/22 financial year.           | <b>Target Achieved:</b> Unqualified audit outcome on Annual Financial Statements for 2022/23 financial year.           | Unqualified Audit Outcome on Annual Financial Statements for 2023/24 financial year.           | <b>Target Achieved:</b> Unqualified Audit Outcome on Annual Financial Statements for 2023/24 financial year.           | N/A                                                                                           | N/A                                                                                                                     |
|                                               | 1.2. Payment register.                                                                   | % of valid creditors paid within 30 days.                                          | <b>Target Achieved:</b> 100% of valid creditors paid within 30 days.                                                   | <b>Target Achieved:</b> 100% of valid creditors were paid within 30 days.                                              | 100% of valid creditors paid within 30 days.                                                   | <b>Target Achieved:</b> 100% of valid creditors were paid within 30 days.                                              | N/A                                                                                           | N/A                                                                                                                     |
|                                               | 1.3 ≥95% expenditure on annual budget.                                                   | % Variance on annual budget.                                                       | <b>Target Achieved:</b> 0.75% variance on annual budget.                                                               | <b>Target Achieved:</b> 1.8% variance on annual budget.                                                                | ≤5% variance on annual budget.                                                                 | <b>Target Achieved:</b> 1.6% variance on annual budget.                                                                | N/A                                                                                           | N/A                                                                                                                     |
|                                               | 1.4. 5% reduction in vacancy rate towards filling the approved organisational structure. | % reduction in vacancy rate towards filling the approved organisational structure. | <b>Target Not Achieved:</b> 10% vacancy rate in funded permanent posts.                                                | <b>Target Achieved:</b> 11.8% reduction in vacancy rate towards filling the approved organisational structure.         | 5% reduction in vacancy rate towards filling the approved organisational structure.            | <b>Target Achieved:</b> 6.6% reduction in vacancy rate towards filling the approved organisational structure.          | 1.6% further reduction in vacancy rate towards filling the approved organisational structure. | The over-achievement of 1.6% was due to a decrease in the termination rates during Q3 and Q4 of 2024/25 financial year. |

| Outcome | Output                                                                                               | Output Indicator                                                                                       | Audited Actual Performance 2022/23                                                                                          | Audited Actual Performance 2023/24                                                                                          | Planned Annual Target 2024/25                                                                       | **Actual Achievement 2024/25                                                                                                | Deviation from planned target to Actual Achievement 2024/25                                                             | Reasons for deviations                                                                                                                          |
|---------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
|         | 1.5 ≥50% female in SMS employed.                                                                     | % female SMS representation.                                                                           | <b>Target Achieved:</b> 51.5% of female SMS representation.                                                                 | <b>Target Achieved:</b> 53.7% of female SMS representation.                                                                 | ≥50% of female SMS representation.                                                                  | <b>Target Achieved:</b> 54.3% of female SMS representation.                                                                 | N/A                                                                                                                     | N/A                                                                                                                                             |
|         | 1.6 ≥4% Representation of PWDs.                                                                      | % representation of PWDs.                                                                              | <b>Target Not Achieved:</b> 3.3% representation of PWDs.                                                                    | <b>Target Achieved:</b> 3.7% representation of PWDs.                                                                        | ≥4% representation of PWDs.                                                                         | <b>Target Achieved:</b> 4% representation of PWDs.                                                                          | N/A                                                                                                                     | N/A                                                                                                                                             |
|         | 1.7. DSBD and its Agencies' public engagement programmes implemented within district municipalities. | Number DSBD and its Agencies' public engagement programmes implemented within district municipalities. | <b>Target Achieved:</b> 135 DSBD and its Agencies' public engagement programmes implemented within District Municipalities. | <b>Target Achieved:</b> 110 DSBD and its Agencies' public engagement programmes implemented within District Municipalities. | 110 DSBD and its Agencies' public engagement programmes implemented within district municipalities. | <b>Target Achieved:</b> 116 DSBD and its Agencies' public engagement programmes implemented within district municipalities. | Six (6) additional DSBD and its Agencies' public engagement programmes were implemented within district municipalities. | The over-achievement of six (6) was because there were more DSBD and its Agency Public Engagements that were requested by the key stakeholders. |

For reporting period, The Administration programme successfully achieved 100% of its Annual Performance Plan (APP) targets. This reflects a strong overall performance and effective implementation of planned activities.

The Departmental Management (Office of the DG) sub-programme continuously provides strategic leadership, management, and support services to the entire Department of Small Business Development. The sub-programme was also entrusted in 2024/25 financial year with obtaining unqualified audit outcome on performance information. The sub-programme exceeded this target by achieving an unqualified audit outcome without findings (clean audit outcome) on performance information for the fourth 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 2024/25 APP.

The Corporate Management Services sub-programme successfully managed to decrease the vacancy rate by 6.6% from 26.2% to 19.6% and continued implementation of the Strategy for the Recruitment of Persons with Disability to increase representation. The Strategy called for amongst others an increase in youth with disability. Notable progress in increasing representation was made with the appointment of five PWDs, however, the significant increase in employment additional to the establishment resulted in representation only improving from 3.7% to 4%. The Department also maintained female representation in the Senior Management Service (SMS) above the required 50% throughout the period. The reporting period ended with 54.3% female SMS representation. The Department also made significant progress in youth employment, which increased from 22.8% to 34%.

The Communication Management Unit is performed well with regards to internal and external communications support. Regarding the internal communication, the unit provides Communications assistance in the Ministry and on all Inter Ministerial and Governmental programmes. With regards to the external communication, the unit conducted 116 DSBD and its Agencies' Public Engagement Programmes Implemented within district municipalities and provinces.

#### 4.1.5. Linking Performance with Budgets

##### Sub-programme Expenditure

| Sub- Programme Name           | 2024/2025           |                    |                          | 2023/2024           |                    |                          |
|-------------------------------|---------------------|--------------------|--------------------------|---------------------|--------------------|--------------------------|
|                               | 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                      | 42 464              | 42 281             | 183                      | 38 304              | 36 838             | 1 466                    |
| Departmental Management       | 23 185              | 23 065             | 120                      | 20 528              | 20 482             | 46                       |
| Corporate Management Services | 76 778              | 76 451             | 327                      | 69 844              | 65 603             | 4 241                    |
| Financial Management          | 24 242              | 23 901             | 341                      | 22 974              | 19 679             | 3 295                    |
| <b>Total</b>                  | <b>166 669</b>      | <b>165 699</b>     | <b>970</b>               | <b>151 650</b>      | <b>142 601</b>     | <b>9 049</b>             |

Annual expenditure for Programme One: Administration amounted to R165.7 million (99.4%) against the final appropriation of R166.7 million, resulting in an under expenditure of R970 thousand (0.6%). Compensation of Employees contributed R693 thousands to the underspending largely due to vacancies. The main cost drivers on expenditure for Programme One are Compensation of Employees at R101 million and Goods and Services at R57.2 million. The drivers on Goods and Services expenditure are travel and subsistence (R21 million), operating leases for office accommodation (R11.1 million), audit costs (R3.7 million), Fleet services (R2.4 million), Property payments (R1.5 million), Training

and development (R1 million), Bursaries (R1.8 million), Computer Services (R5.9 million) and Consultants (R1.3 million).

#### 4.1.6. Strategy to Overcome Areas of Underperformance

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 Policy and Research

#### 4.2.1. Purpose:

Oversee transversal support within the ecosystem to provide a conducive environment for SMMEs.

#### 4.2.2. Sub-Programme and Sub-Purpose:

- **Business Intelligence and Sector Wide Monitoring and Evaluation** - Manage provision of evidence-based business information and sector-wide Monitoring and Evaluation.
- **Intergovernmental Relations and Business Efficiency** - Manage and facilitate intergovernmental relations to reduce administrative and regulatory burdens for SMMEs.
- **Sector Specific Support** - Manage initiatives to increase the development, participation, and sustainability of small-scale manufacturers in key industries.

#### 4.2.3. Institutional Outcomes

- Reduced regulatory burdens for Small Enterprises.
- Improved integrated and streamlined business processes and systems.
- Enhanced evidence-based business information and sector wide monitoring and evaluation.
- Increased contribution of SMMEs and Co-operatives in priority sectors.

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

## PROGRAMME TWO: SECTOR POLICY AND RESEARCH PERFORMANCE AGAINST THE TABLED 2024/25 ANNUAL PERFORMANCE PLAN

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

| Programme Two: Sector Policy and Research                                     |                                                                                    |                                                                                                        |                                                                                                                 |                                                                                                            |                                                                                                         |                                                                                                                                          |                                                                                          |                                                                                                                                      |
|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| Outcome                                                                       | Output                                                                             | Output Indicator                                                                                       | Audited Actual Performance 2022/23                                                                              | Audited Actual Performance 2023/24                                                                         | Planned Annual Target 2024/25                                                                           | **Actual Achievement 2024/25                                                                                                             | Deviation from planned target to Actual Achievement 2024/25                              | Reasons for deviations                                                                                                               |
| <b>1. Reduced regulatory burdens for Small Enterprises.</b>                   | 1.1 Bi-annual Progress Report on the Regulatory Reform Implementation Plan.        | Bi-annual Progress report on the Regulatory Reform Implementation Plan approved by accounting officer. | <b>Target Achieved:</b> Assessment review report of SMME regulatory impediments to reform was approved by EXCO. | <b>Target Achieved:</b> A Regulatory Reform Implementation Plan was submitted to Minister for approval.    | Bi-annual Progress Reports on the Regulatory Reform Implementation Plan approved by Accounting Officer. | <b>Target Achieved:</b> Bi-annual Progress Reports on the Regulatory Reform Implementation Plan were approved by the Accounting Officer. | N/A                                                                                      | N/A                                                                                                                                  |
| <b>2. Improved integrated and streamlined business processes and systems.</b> | 2.1 Municipalities trained to roll out the Red-Tape Reduction Awareness Programme. | Number of municipalities trained on the Red-Tape Reduction Awareness Programme.                        | <b>Target Achieved:</b> 25 municipalities were assisted to roll out the Red-Tape Reduction Awareness Programme. | <b>Target Achieved:</b> 55 municipalities assisted to roll out the Red-Tape Reduction Awareness Programme. | 30 municipalities trained on the Red-Tape Reduction Awareness Programme.                                | <b>Target Achieved:</b> 52 municipalities were trained on the Red-Tape Reduction Awareness Programme.                                    | Additional 22 municipalities were trained on the Red-Tape Reduction Awareness Programme. | Over-achievement was due to additional municipalities that were invited to participate in the Red Tape Reduction Awareness Training. |
|                                                                               | 2.2 Red-Tape Reduction Framework for Small Enterprise.                             | Red-Tape Reduction Framework for Small Enterprise approved by Accounting Officer.                      | N/A                                                                                                             | N/A                                                                                                        | Red-Tape Reduction Framework for Small Enterprise approved by Accounting Officer.                       | <b>Target Achieved:</b> Red-Tape Reduction Framework for Small Enterprise was approved by Accounting Officer.                            | N/A                                                                                      | N/A                                                                                                                                  |

| Outcome                                                                                          | Output                                                                                                     | Output Indicator                                                                                                                                | Audited Actual Performance 2022/23                                                                                               | Audited Actual Performance 2023/24                                                                                               | Planned Annual Target 2024/25                                                                                                                  | **Actual Achievement 2024/25                                                                                                                                                 | Deviation from planned target to Actual Achievement 2024/25                                                                                             | Reasons for deviations                                                                                                                                   |
|--------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                  | 2.3 Approved DSBD Inter-Governmental Relations (IGR) framework.                                            | DSBD IGR Framework approved by Accounting Officer.                                                                                              | N/A                                                                                                                              | N/A                                                                                                                              | DSBD IGR framework approved by Accounting Officer.                                                                                             | <b>Target Achieved:</b> DSBD IGR framework was approved by Accounting Officer.                                                                                               | N/A                                                                                                                                                     | N/A                                                                                                                                                      |
| <b>3. Enhanced evidence-based business information and sector wide monitoring and evaluation</b> | 3.1 Evaluation Report.                                                                                     | Evaluation Report produced by 31st of March 2025                                                                                                | <b>Target not achieved:</b> Two (2) Monitoring Report on the Incubation Support Programme improvement plan not approved by EXCO. | <b>Target not achieved:</b> One (1) Monitoring Report on the Incubation Support Programme Improvement Plan was approved by EXCO. | Evaluation Report produced by 31 March 2025.                                                                                                   | <b>Target Achieved:</b> Evaluation Report was produced by 31 March 2025.                                                                                                     | N/A                                                                                                                                                     | N/A                                                                                                                                                      |
|                                                                                                  | 3.2 Research Report.                                                                                       | Number of Research Reports produced.                                                                                                            | N/A                                                                                                                              | N/A                                                                                                                              | One (1) Research Report produced.                                                                                                              | <b>Target Achieved:</b> One (1) Research Report produced.                                                                                                                    | N/A                                                                                                                                                     | N/A                                                                                                                                                      |
| <b>4. Increased contribution of SMMEs and Co-operatives in priority sectors.</b>                 | 4.1 Partnership agreements, with public and/or private sector, secured to support SMMEs and Co-operatives. | Number of Partnership agreements, with public and/or private sector, secured to support SMMEs and Co-operatives approved by Accounting Officer. | N/A                                                                                                                              | N/A                                                                                                                              | Five (5) Partnership agreements, with public and/or private sector, secured to support SMMEs and Co-operatives approved by Accounting Officer. | <b>Target Not Achieved:</b> One (1) Partnership agreement, with public and/or private sector, secured to support SMMEs and Co-operatives was approved by Accounting Officer. | Four (4) Partnership agreements, with public and/or private sector, secured to support SMMEs and Co-operatives were not approved by Accounting Officer. | Under performance was due to delays in the processing of agreements that had been considered and supported by the Partnerships Steering Committee (PSC). |

| Outcome | Output                                                                     | Output Indicator                                                                                      | Audited Actual Performance 2022/23 | Audited Actual Performance 2023/24 | Planned Annual Target 2024/25                                                                         | **Actual Achievement 2024/25                                                                                                      | Deviation from planned target to Actual Achievement 2024/25 | Reasons for deviations                                                                                                                                                              |
|---------|----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|-------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         |                                                                            |                                                                                                       |                                    |                                    |                                                                                                       |                                                                                                                                   |                                                             | The PSC considered 12 partnership agreements between the DSBD and public/private sector partners. Partnership agreement with National Youth Development Agency (NYDA) was approved. |
|         | 4.2 Partnership framework.                                                 | Partnership framework approved by Accounting Officer.                                                 | N/A                                | N/A                                | Partnership framework approved by Accounting Officer.                                                 | <b>Target Achieved:</b> Partnership framework was approved by Accounting Officer.                                                 | N/A                                                         | N/A                                                                                                                                                                                 |
|         | 4.3 Value chain assessment of the cannabis industry in the primary sector. | Value chain assessment of the cannabis industry in the primary sector approved by Accounting Officer. | N/A                                | N/A                                | Value chain assessment of the cannabis industry in the primary sector approved by Accounting Officer. | <b>Target Achieved:</b> Value chain assessment of the cannabis industry in the primary sector was approved by Accounting Officer. | N/A                                                         | N/A                                                                                                                                                                                 |

| Outcome | Output                                                                                  | Output Indicator                                                                                                   | Audited Actual Performance 2022/23 | Audited Actual Performance 2023/24 | Planned Annual Target 2024/25                                                                                      | **Actual Achievement 2024/25                                                                                                                   | Deviation from planned target to Actual Achievement 2024/25 | Reasons for deviations |
|---------|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|--------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|------------------------|
|         | 4.4 Value chain assessment of the construction industry in the secondary sector.        | Value chain assessment of the construction industry in the secondary sector approved by Accounting Officer.        | N/A                                | N/A                                | Value chain assessment of the construction industry in the secondary sector approved by Accounting Officer.        | <b>Target Achieved:</b> Value chain assessment of the construction industry in the secondary sector was approved by Accounting Officer.        | N/A                                                         | N/A                    |
|         | 4.5 Value chain assessment of the wholesale and retail industry in the tertiary sector. | Value chain assessment of the wholesale and retail industry in the tertiary sector approved by Accounting Officer. | N/A                                | N/A                                | Value chain assessment of the wholesale and retail industry in the tertiary sector approved by Accounting Officer. | <b>Target Achieved:</b> Value chain assessment of the wholesale and retail industry in the tertiary sector was approved by Accounting Officer. | N/A                                                         | N/A                    |

During the financial year under review, the Department through its Sector Policy and Research programme demonstrated some progress in achieving its set targets, reflecting a strong commitment to delivering on its strategic objectives. The outputs and corresponding output indicators for this programme not only met expectations but, in several key areas, surpassed performance benchmarks established at the beginning of the reporting period. The **Sector Policy and Research** programme contributed directly to four of the institutional outcomes as follows:

- Reduced regulatory burdens for Small Enterprises.
- Improved integrated and streamlined business processes and systems.
- Enhanced evidence-based business information and sector wide monitoring and evaluation.
- Increased contribution of SMMEs and Co-operatives in priority sectors.

These outcomes are directed at ensuring that the Department oversee transversal support within the ecosystem through evidence-based information, knowledge and learning with the ultimate objective of fostering an environment conducive to the growth of SMMEs. During the year under review, Department produced a summative evaluation report of the Integrated Strategy on the Development and Promotion of the Co-operatives (ISDPC). The main objective of this evaluation was to assess the effectiveness of the ISDPC in achieving its intended outcomes over the ten-year period. Specifically, it aimed to assess the extent to which anticipated results (outcomes) were realised, identify key strengths and weaknesses in the implementation of the strategy, and develop practical recommendations for improvement. The outcome of the evaluation highlighted areas of success and noteworthy areas of improvement, which will guide the review of the ISDPC. The achievement of this target significantly advances progress towards achieving the institutional outcomes.

Furthermore, the Department produced a **research report** on the challenges, opportunities and support required by SMMEs and Co-operatives in the agriculture, mining, manufacturing, and tourism sectors on the short, medium, and long terms. The research objectives were to identify and analyse challenges by examine systemic and sector-specific barriers that inhibit the growth and sustainability of SMMEs and Co-operatives. Secondly, prioritise opportunities by highlighting sector-specific opportunities that can catalyse economic development, with a focus on scalable and sustainable business models. Lastly, evaluate support structures by assessing the effectiveness of existing financial and nonfinancial support mechanisms, and provided recommendations for enhancing their impact. As a result, the research indicated

sector-specific disparities, with agriculture, tourism, and mining facing unique challenges that require tailored interventions. Despite these challenges, the research identified opportunities for SMMEs to thrive. The research also categorised support mechanisms into financial and non-financial forms by emphasising the need for a holistic approach to build capacity and resilience for SMMEs and Co-operatives. The outcome of the research highlighted recommendations that were sector specific and could guide the development of SMMEs and Co-operatives in these sectors. The achievement of this target will inform the development of the planning, policies, programmes, and interventions concerned with SMMEs and Co-operatives in these sectors.

**The value chain assessment report of the wholesale and retail industry in the tertiary sector** contributes directly to the outcome "Increased contribution of SMMEs and Co-operatives in priority sectors." During the financial year under review, the Department assessed and conducted research on the value chains in the wholesale and retail industry. Given the size of the retail and wholesale industry, the Department focused on the grocery retail market following the 2019 Grocery Retail Market Inquiry (GRMI) by the Competition Commission, which is an independent statutory body that promotes and maintains fair competition in the South African economic sphere. The value chain assessment revealed the status of implementation of GRMI recommendations, progress on prevailing and new findings and key challenges on implementation of the GRMI recommendations. On a positive note, there exists opportunities for small businesses to participate within the grocery retail market, albeit at difficult and fluid economic, business, technological and social environment. The assessment of the value chain on the wholesale and retail industry presented key recommendations on how small businesses can be supported to fully participate in the economy.

**The value chain assessment report of the construction industry in the secondary sector** contributes to the outcome on increased contribution of SMMEs and Co-ops in prioritised industries. The construction industry was chosen as one of the prioritised industries based on the labour absorption capabilities and the performance of the economy, with a potential to increase the much-sought job opportunities for both the formal and informal small enterprises. Their role within the construction industry cannot be understated, as key suppliers, contractors on independent projects, and sub-contractors supporting larger projects. However, their growth and sustainability in the construction Industry is often dependent on support from larger, more established construction companies.

Some of the challenges often encountered by small enterprises within the construction industry include financial constraints, inability to meet building safety

compliance regulations and standards, extortion behaviour, limited market opportunities, payment delays, general lack of high skilled labour etc. The assessment further identified opportunities such as manufacturing of building materials, meaningful sub-contracting, joint ventures, access to enterprise and supplier development programmes within both public and private sector, demolitions etc., as some of the ways that DSBD and the overall ecosystem can support small enterprises operating within the industry to ensure growth, sustainability and overall competitiveness.

**The value chain assessment of cannabis industry in the primary sector** there is a role that SMMEs play in the cannabis industry value chain - starting from seedling, production processes, harvesting (upholding the prescribed standards to maintain the correct quality and form for various downstream processes), logistics and storage requirements and standards through to processing and beneficiation and services support (legal, compliance, marketing, amongst others). Cannabis production also plays an important role in agrarian livelihoods for some of South Africa's most marginalised rural communities. Formalisation of the industry presents potential opportunities for these communities but also threats such as barriers to entry.

#### 4.2.5. Linking Performance with Budgets

##### Sub-programme Expenditure

| Sector Policy and Research                          | 2024/2025           |                    |                          | 2023/2024           |                    |                          |
|-----------------------------------------------------|---------------------|--------------------|--------------------------|---------------------|--------------------|--------------------------|
|                                                     | 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                    |
| Business Intelligence and Sector-Wide M&E           | 11 985              | 11 187             | 798                      | 7 054               | 6 959              | 95                       |
| Intergovernmental Relations and Business Efficiency | 15 399              | 12 699             | 2 700                    | 8 614               | 7 339              | 1 275                    |
| Sector Specific Support                             | 17 864              | 13 425             | 4 439                    | 390                 | 132                | 258                      |
| <b>Total</b>                                        | <b>45 248</b>       | <b>37 311</b>      | <b>7 937</b>             | <b>16 058</b>       | <b>14 430</b>      | <b>1 628</b>             |

Annual expenditure for Programme Two: Sector Policy and Research amounted to R37.3 million (82.5%) against the final appropriation of R45.2 million, resulting in an under expenditure of R7.9 million (17.5%). Compensation of Employees contributed R7 million to the underspending largely due to vacancies and Goods and Services also contributed R884 thousand to the underperformance largely due to delays in concluding research acquisition relating to the Cannabis project. The main cost drivers on expenditure for Programme Two are Compensation of Employees at R30.8 million and Goods and Services at R6.3 million. The drivers on Goods and Services expenditure are travel and subsistence (R2.3 million) and Consultants (R3.5 million).

#### 4.2.6. Strategy to Overcome Areas of Underperformance

| Area of Underperformance                                                                                                                       | Extent of Underperformance                                                                                                                   | Strategies to overcome the areas of underperformance                |
|------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Five (5) Partnership agreements, with public and/or private sector, secured to support SMMEs and Co-operatives approved by Accounting Officer. | One (1) Partnership agreement, with public and/or private sector, secured to support SMMEs and Co-operatives approved by Accounting Officer. | Regular follow ups on approval of submitted partnership agreements. |

#### 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: Integrated Co-Operatives and Micro Enterprise Development

#### 4.3.1. Purpose:

Drive economic transformation through integrated informal business, Co-operatives and Micro Enterprise Development and Support.

#### 4.3.2. Sub-programme and Sub-Purpose

- **Integrated Co-operatives and Micro Enterprise Development** - Provide leadership to the branch and coordinate provision of business infrastructure services to small businesses, co-operatives, and the informal sector.
- **Economic Transformation Initiatives** - Manage economic transformation through Informal Business, Co-operatives and Micro Enterprise Development and Support.
- **Value Chain and Market Access Support** - Manage the provision of market access support that grows value market chains.

#### 4.3.3. Institutional Outcomes

- Increased participation of SMMEs and Co- operatives in domestic and international markets.
- 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

## PROGRAMME THREE: INTEGRATED CO-OPERATIVES AND MICRO ENTERPRISE DEVELOPMENT PERFORMANCE AGAINST THE TABLED 2024/2025 ANNUAL PERFORMANCE PLAN

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

| Integrated Co-Operatives and Micro Enterprise Development                                                         |                                                                                                        |                                                                                                              |                                                                                                                              |                                                                                                                              |                                                                                                             |                                                                                                                                       |                                                                                                                      |                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Outcome                                                                                                           | Output                                                                                                 | Output Indicator                                                                                             | Audited Actual Performance 2022/23                                                                                           | Audited Actual Performance 2023/24                                                                                           | Planned Annual Target 2024/25                                                                               | **Actual Achievement 2024/25                                                                                                          | Deviation from planned target to Actual Achievement 2024/25                                                          | Reasons for deviations                                                                                                                                      |
| <b>1. Increased participation of SMMEs and Co-operatives in domestic and international markets.</b>               | 1.1. Products manufactured and services rendered by SMMEs and Co-operatives linked to domestic market. | Number of products manufactured and services rendered by SMMEs and Co-operatives linked to domestic market.  | <b>Target Achieved:</b><br>281 products produced and services rendered by SMMEs and Co-operatives linked to domestic market. | <b>Target Achieved:</b><br>285 products produced and services rendered by SMMEs and Co-operatives linked to domestic market. | 250 products manufactured and services rendered by SMMEs and Co-operatives linked to domestic market.       | <b>Target Achieved:</b><br>302 products manufactured and services rendered by SMMEs and Co-operatives were linked to domestic market. | Additional 52 products manufactured and services rendered by SMMEs and Co-operatives were linked to domestic market. | The over-achievement was due to an unexpected high demand from various retail and wholesale stores that the Department collaborated with on this programme. |
|                                                                                                                   | 1.2. SMMEs and Co-operatives exposed to global market opportunities.                                   | Number of SMMEs and Co-operatives exposed to global market opportunities.                                    | <b>Target Not Achieved:</b><br>68 SMMEs and Co-operatives linked to global market opportunities.                             | <b>Target Achieved:</b><br>317 SMMEs and Co-operatives exposed to global market opportunities.                               | 200 SMMEs and Co-operatives exposed to global market opportunities.                                         | <b>Target Achieved:</b><br>244 SMMEs and Co-operatives exposed to global market opportunities.                                        | Additional 44 SMMEs and Co-operatives exposed to global market opportunities.                                        | The over-achievement was due to webinars that were introduced during Q2 and Q4 of the 2024/25 FY, which increased the number through virtual attendance.    |
| <b>2. Expanded access to financial and non-financial support and implemented responsive programmes to new and</b> | 2.1 Business Infrastructures (i.e. products markets) for SMMEs and Co-operatives refurbished or built. | Number of business infrastructures (i.e. products markets) for SMMEs and Co-operatives refurbished or built. | <b>Target not achieved:</b><br>Two (2) business infrastructure for SMMEs and Co-operatives refurbished or built.             | <b>Target not achieved:</b><br>Five (5) approved business infrastructure for SMMEs and Co-operatives refurbished or built.   | Five (5) business infrastructures (i.e. products markets) for SMMEs and Co-operatives refurbished or built. | <b>Target Not Achieved:</b><br>One (1) business infrastructure (i.e., products markets) SMMEs and Co-operatives refurbished or built. | Four (4) business infrastructures (i.e., products markets) SMMEs and Co-operatives were not refurbished or built     | The under-performance is mainly due to delays in project implementation, which were due to the revision of the program given the challenges                 |

| Outcome                           | Output                                        | Output Indicator                                   | Audited Actual Performance 2022/23                                                      | Audited Actual Performance 2023/24                                                      | Planned Annual Target 2024/25                | **Actual Achievement 2024/25                                              | Deviation from planned target to Actual Achievement 2024/25    | Reasons for deviations                                                                                                                                                                                                               |
|-----------------------------------|-----------------------------------------------|----------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| existing SMMEs and Co-operatives. |                                               |                                                    |                                                                                         |                                                                                         |                                              |                                                                           |                                                                | experienced. The Department has now introduced the Business Infrastructure Support Programme (BISP), which will fast-track the implementation of the business infrastructures and will be implemented during 2025/26 financial year. |
|                                   | 2.2. Co-operatives supported non-financially. | Number of Co-operatives supported non-financially. | <b>Target Achieved:</b> 321 Co-operatives supported financially and/or non-financially. | <b>Target Achieved:</b> 345 Co-operatives supported financially and/or non-financially. | 210 Co-operatives supported non-financially. | <b>Target Achieved:</b> 243 Co-operatives were supported non-financially. | Additional 33 Co-operatives were supported non-financially.    | The over-achievement is attributed to the unwavering support and strong collaboration with various stakeholders at all levels of government.                                                                                         |
|                                   | 2.3 Co-operatives supported financial         | Number of Co-operatives supported financially.     | N/A                                                                                     | N/A                                                                                     | 40 Co-operatives supported financially.      | <b>Target Achieved:</b> 47 Co-operatives were supported financially.      | Additional seven (7) Co-operatives were supported financially. | The over-achievement is due to collaboration with various stakeholders at all levels of government.                                                                                                                                  |

| Outcome | Output                                                                                                                 | Output Indicator                                     | Audited Actual Performance 2022/23 | Audited Actual Performance 2023/24                                             | Planned Annual Target 2024/25                    | **Actual Achievement 2024/25                                                     | Deviation from planned target to Actual Achievement 2024/25    | Reasons for deviations                                                                                        |
|---------|------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|------------------------------------|--------------------------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
|         | 2.4. Informal and Micro Enterprises supported through the Informal and Micro Enterprise Development Programme (IMEDP). | Number of informal business supported through IMEDP. | N/A                                | <b>Target Achieved:</b><br>2 045 of informal business supported through IMEDP. | 2 000 informal business supported through IMEDP. | <b>Target Achieved:</b><br>2 920 informal business were supported through IMEDP. | Additional 920 informal business were supported through IMEDP. | The over-achievement was due to increased demand of the programme from Municipalities and tribal authorities. |

The Department, through Integrated Co-operatives and Micro Enterprise Development programme during the year under review, was entrusted to contribute to the following key outcomes:

- Increased participation of SMMEs and Co-operatives in domestic and international markets, and
- Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.

To realise the set outcomes, the Department during the year under reviewed had set the following deliverables, amongst others mainstreaming programmes on empowerment and development of WYPWDs with minimum targets: a minimum 40% target for women, 30% for youth and 7% for PWDs:

- The Department had set itself a target of 250 products manufactured, and services rendered by SMMEs and Co-operatives linked to domestic market. A total of 302, against an annual target of 250, products manufactured, and services rendered by SMMEs and Co-operatives were linked to the domestic market.
- 200 SMMEs and Co-operatives exposed to global market opportunities: A total of 244 SMMEs and Co-operatives were exposed to global market opportunities (against an annual target of 200). The SMMEs and Co-operatives that produced the products included 29 women-owned, 106 Youth-owned and 5 PWDs owned.

- 210 Co-operatives supported non-financially through various interventions like governance training, access to local markets, etc. The Department supported 243 (vs annual target of 210) Co-operatives non-financially. The SMMEs and Co-operatives that produced the products included 141 women-owned, 49 Youth-owned and 7 PWDs owned.
- 40 Co-operatives supported financially through the Co-operatives Development Support Programme implemented through SEDFA. During the year under review, 47 Co-operatives (against an annual target of 40) were supported financially. The SMMEs and Co-operatives that produced the products were made up of 185 women-owned, 86 Youth-owned and 20 PWDs owned.
- 2 000 informal businesses supported through IMEDP. A total of 2 920 (vs annual target of 2 000) informal businesses were supported through the IMEDP. The SMMEs and Co-operatives that produced the products were made up of 1 849 women-owned, 1047 Youth-owned and 32 PWDs owned.

For the year under review, the Department had set itself a target of five business infrastructures for SMMEs and Co-operatives that would be refurbished or built. While there are infrastructure projects that were at various stages of implementation by the end of 2024/25 financial year, including being close to completion, only one project had its infrastructure fully completed.

#### 4.3.5. Linking Performance with Budgets

##### Sub-programme expenditure

| Integrated Co-operatives and Micro Enterprise Development | 2024/2025           |                    |                          | 2023/2024           |                    |                          |
|-----------------------------------------------------------|---------------------|--------------------|--------------------------|---------------------|--------------------|--------------------------|
|                                                           | 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                    |
| Integrated Co-operatives and Micro Enterprise Development | 59 766              | 35 723             | 24 043                   | 4 762               | 4 672              | 90                       |
| Economic Transformation Initiatives                       | 66 151              | 65 523             | 628                      | 22 828              | 21 975             | 853                      |
| Value Chain and Market Access Support                     | 45 282              | 41 436             | 3 846                    | 124 280             | 104 185            | 20 095                   |
| <b>Total</b>                                              | <b>171 199</b>      | <b>142 681</b>     | <b>28 518</b>            | <b>151 870</b>      | <b>130 832</b>     | <b>21 038</b>            |

Annual expenditure for Programme Three: Integrated Co-operatives and Micro Enterprise Development amounted to R142.7 million (83.3%) against the final appropriation of R171.2 million, resulting in an under expenditure of R28.5 million (16.7%). Compensation of Employees contributed R5.1 million to the underspending largely due to vacancies, and Transfers contributed R23.3 million due to delays in the commencement of the Product Markets programme.

The main cost drivers on expenditure are Compensation of Employees at R37.4 million, Goods and Services at R74.5 million, and Transfers and Subsidies on the Product Market instrument (R30.3 million). The drivers on Goods and Services expenditure are travel and subsistence (R11.9 million), Inventory: Other supplies (IMEDP) (R46.6 million), Administration fees (R3.9 million), Training and Development (R971 thousands), and Venues (R10.4 million).

#### 4.3.6. Strategy to Overcome Areas of Underperformance

| Area of Underperformance                                                                                    | Extent of Underperformance                                                                            | Strategies to overcome the areas of underperformance                                                                      |
|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| Five (5) business infrastructures (i.e. products markets) for SMMEs and Co-operatives refurbished or built. | One (1) business infrastructure (i.e. products markets) SMMEs and Co-operatives refurbished or built. | Redesigning the Programme and developing and Operational Plan for the 2025/26 financial year to be monitored accordingly. |

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

Not Applicable to DSBD.

### 4.4. Programme 4: Enterprise Development, Innovation and Entrepreneurship

#### 4.4.1. Purpose:

Oversee the promotion of an ecosystem that enhances entrepreneurship and innovation during the establishment, growth, and sustainability of SMMEs.

#### 4.4.2. Sub-Programme and Sub-Purpose:

- **Enterprise Development, Innovation and Entrepreneurship** - Provide leadership to the branch and manage provision of innovative solutions that support transversal applications management and digital business support.
- **Entrepreneurship and Enterprise Development** - Manage the formulation of policy instruments and advocacy work aimed at the inclusion of SMMEs in the mainstream economy.
- **Funding Support and Coordination** - Oversee expansion of access to finance for SMMEs, Co-operatives and the Informal Sector through an integrated approach.

#### 4.4.3. Institutional Outcomes

- Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.
- Scaled-up and coordinated support for SMMEs, Co-operatives, Village and Township Economies.

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

## PROGRAMME FOUR: ENTERPRISE DEVELOPMENT, INNOVATION AND ENTREPRENEURSHIP PERFORMANCE AGAINST THE TABLED 2024/25 ANNUAL PERFORMANCE PLAN

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

| Enterprise Development, Innovation and Entrepreneurship                                                                                             |                                                                                           |                                                                                        |                                                                                                                                             |                                                                                                                                               |                                                                                     |                                                                                                                    |                                                                                             |                                                                                                                                             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| Outcome                                                                                                                                             | Output                                                                                    | Output Indicator                                                                       | Audited Actual Performance 2022/23                                                                                                          | Audited Actual Performance 2023/24                                                                                                            | Planned Annual Target 2024/25                                                       | **Actual Achievement 2024/25                                                                                       | Deviation from planned target to Actual Achievement 2024/25                                 | Reasons for deviations                                                                                                                      |
| <b>1. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.</b> | 1.1. SMMEs and Co-operatives Funding Policy implemented and reported on.                  | SMMEs and Cooperatives Funding Policy implementation Reports approved.                 | <b>Target Achieved:</b><br>Consolidated progress report on the finalisation of SMMEs and Co-operatives Funding Policy was approved by EXCO. | <b>Target Achieved:</b><br>Consolidated report on the implementation plan of the SMMEs and Co-operatives Funding Policy was approved by EXCO. | SMMEs and Co-operatives Funding Policy Implementation Reports approved.             | <b>Target Achieved:</b><br>SMMEs and Co-operatives Funding Policy Implementation reports approved.                 | N/A                                                                                         | N/A                                                                                                                                         |
|                                                                                                                                                     | 1.2. Township and Rural Enterprises Supported through financially and/or non-financially. | Number of Township and Rural Enterprises supported financially and/or non-financially. | <b>Target Not Achieved:</b><br>18 759 Township and Rural enterprises supported financially and/or non-financially.                          | <b>Target Achieved:</b><br>20 509 Township and Rural Enterprises supported financially and/or non-financially.                                | 30 000 Township and Rural Enterprises supported financially and/or non-financially. | <b>Target Not Achieved:</b><br>27 526 Township and Rural Enterprises supported financially and/or non-financially. | 2 474 Township and Rural Enterprises were not supported financially and/or non-financially. | The underperformance is due to low approval ratings, which result from strict qualification criteria and lengthy administrative procedures. |
|                                                                                                                                                     | 1.3. SMMEs and Co-operatives in the craft sector supported through the Craft              | Number of crafters supported through the Craft Customised Sector Programme.            | <b>Target Not Achieved:</b><br>659 crafters supported through the Craft Customised Sector Programme.                                        | <b>Target Not Achieved:</b><br>596 Crafters supported through the Craft Customised Sector Programme.                                          | 1000 crafters supported through the Craft Customised Sector Programme.              | <b>Target Not Achieved:</b><br>714 crafters supported through the Craft Customised Sector Programme.               | 286 crafters were not supported through the Craft Customised Sector Programme.              | The underachievement resulted from fewer than anticipated number of Craft Hubs and Agencies that                                            |

| Outcome                                                                                               | Output                                                                                                  | Output Indicator                                                                                                 | Audited Actual Performance 2022/23                                                                                           | Audited Actual Performance 2023/24                                                                                               | Planned Annual Target 2024/25                                                                                  | **Actual Achievement 2024/25                                                                                                                 | Deviation from planned target to Actual Achievement 2024/25 | Reasons for deviations                                                                                                                                                                                 |
|-------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                       | Customised Sector Programme.                                                                            |                                                                                                                  |                                                                                                                              |                                                                                                                                  |                                                                                                                |                                                                                                                                              |                                                             | participated in the Craft Customised Sector Programme due to compliance issues.                                                                                                                        |
|                                                                                                       | 1.4. Start-up youth businesses supported financially and/ or non-financially.                           | Number of start-up youth businesses supported financially and/ or non-financially.                               | <b>Target Not Achieved:</b><br><br>8 988 start- up youth businesses supported financially and/or non- financially.           | <b>Target Achieved:</b><br><br>18 843 start-ups youth businesses were supported financially and non-financially.                 | 10 000 start-up youth businesses supported financially and/ or non-financially.                                | <b>Target Achieved:</b><br>43 091 start-up youth businesses supported financially and/ or non-financially.                                   | Overachievement of 33 091.                                  | The positive variance is contributed by the high volume of applications for start-up youth businesses received and processed during the 2024/25 financial year.                                        |
|                                                                                                       | 1.5. Consolidated Report on supported Competitive SMMEs and Co-operatives produced.                     | Consolidated Report on the number of competitive SMMEs and Co-operatives supported approved.                     | <b>Target Achieved:</b><br>Consolidated report on the 28 484 competitive SMMEs and Co-operatives supported approved by EXCO. | <b>Target Achieved:</b><br>Consolidated report on the 50 077 competitive SMMEs and Co-operatives Supported was approved by EXCO. | Consolidated Report on the 50 000 competitive SMMEs and Co-operatives supported approved                       | <b>Target Achieved:</b><br>Consolidated Report on 58 473 competitive SMMEs and Co-operatives supported approved.                             | Overachievement of 8 473.                                   | The positive variance is attributable to the increase of SEDFA's Business Development Services rendered to SMMEs and Cooperatives both in the third and fourth quarters of the 2024/25 financial year. |
| <b>2. Scaled-up and coordinated support for SMMEs, Co-operatives, Village and Township Economies.</b> | 2.1 Sector focused and Hybrid Incubation and Digital Hub Supports Strategy Implemented and reported on. | Number of Sector-focused and Hybrid Incubation and Digital Hub Support Strategy Implementation Reports approved. | N/A                                                                                                                          | <b>Target Achieved:</b><br>Sector-focused and Hybrid Incubation and Digital Hub Support Strategy approved by EXCO.               | One (1) Sector-focused and Hybrid Incubation and Digital Hub Support Strategy Implementation Reports approved. | <b>Target Achieved:</b><br>One (1) Sector-focused and Hybrid Incubation and Digital Hub Support Strategy Implementation Report was approved. | N/A                                                         | N/A                                                                                                                                                                                                    |

| Outcome | Output                                                                                         | Output Indicator                                                                                         | Audited Actual Performance 2022/23 | Audited Actual Performance 2023/24                                                                   | Planned Annual Target 2024/25                                                                            | **Actual Achievement 2024/25                                                                                                          | Deviation from planned target to Actual Achievement 2024/25 | Reasons for deviations |
|---------|------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|------------------------|
|         | 2.2 National Entrepreneurship Strategy Implemented and reported on.                            | Bi-annual Progress Report on the implementation of the National Entrepreneurship Strategy approved.      | N/A                                | <b>Target Achieved:</b> National Entrepreneurship strategy approved by EXCO.                         | Bi-annual Progress Report on the implementation of the National Entrepreneurship Strategy approved.      | <b>Target Achieved:</b> Bi-annual Progress Reports on the implementation of the National Entrepreneurship Strategy were approved.     | N/A                                                         | N/A                    |
|         | 2.3 Monitoring Report on the Performance of the Incubation and Digital Hub supported produced. | Number of Monitoring Reports on the Performance of the Incubation and Digital Hub supported approved.    | N/A                                | N/A                                                                                                  | Four (4) Monitoring Reports on the Performance of the Incubation and Digital Hub supported approved.     | <b>Target Achieved:</b> Four (4) Monitoring Reports on the Performance of the Incubation and Digital Hub supported were approved.     | N/A                                                         | N/A                    |
|         | 2.4 Township Economy Revitalisation Policy Implementation Plan reported on.                    | Bi-annual Progress Reports on the implementation of the Township Economy Revitalisation Policy approved. | N/A                                | <b>Target Achieved:</b> Township Economy Revitalisation Policy implementation plan approved by EXCO. | Bi-annual Progress Reports on the Implementation of the Township Economy Revitalisation Policy approved. | <b>Target Achieved:</b> Bi-annual Progress Reports on the Implementation of the Township Economy Revitalisation Policy were approved. | N/A                                                         | N/A                    |

During the year under review, the Department achieved a key policy milestone with the Cabinet approval and gazetting of the MSMEs and Co-operatives Funding Policy. The policy establishes a coordinated, inclusive, and standardised framework for financing small enterprises and co-operatives. It is designed to enhance accessibility to financial support, promote developmental and transformative funding, particularly for Black-owned, women-led, and youth-led enterprises, and reduce duplication across funding programmes. The policy further clarifies institutional mandates, encourages the implementation of blended finance models and public-private partnerships, and integrates funding with non-financial support to promote sustainability and growth.

In alignment with the Department's New Economy Start-up Game Changer initiative, which aims to create a supportive environment for entrepreneurs at all stages of development, a total of 43 091 start-up youth businesses were supported, significantly exceeding the annual target of 10 000. Moreover, the Department supported 58 473 competitive SMMEs and co-operatives, surpassing the planned target of 50 000. This was primarily due to scaled-up implementation in the second half of the financial year. 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. It should be noted that this 58 473 excludes the 21 enterprises that were included by the responsible Branch during Q2. This is in line with the AGSA's advice that the Department received in previous reporting cycle that when additional information is picked up at the point of annual reporting, the correct manner of approaching it is correcting it for the annual report instead of going back and correcting a quarterly report whose reporting period has lapsed. Furthermore, in line with Departmental processes and procedures, the Department detects

and corrects errors in the reported actual achievement, including during the annual performance reporting level.

Significant progress was also made in developing strategic policy instruments aimed at strengthening the entrepreneurial ecosystem. These include the Township and Rural Economy Development and Revitalisation Policy, the Sector-focused and Hybrid Incubation Strategy, and the National Entrepreneurship Strategy (NES). These instruments are designed to guide interventions across all spheres of government and the broader ecosystem, unlocking the potential of small enterprises.

In support of system modernisation, the Department launched DSBD Connect, a digital platform that enables geospatial mapping and real-time performance monitoring. This system enhances transparency and efficiency, particularly in tracking support to township-based enterprises such as spaza shops and marks a significant step towards digital transformation in programme delivery. This system, can be expended to include in the near future the monitoring and reporting of DSBD targets that are implemented by external agencies / stakeholders which the department has signed implementation agreements with. The implementation of the Craft Customised Sector Programme is one of such targets. In the financial year under review, while the department is reporting 714 crafters supported through the Craft Customised Sector Programme during the financial year, it should be noted that this number is largely made up of the deliverables that were conducted during Q1, Q2 and Q3 but these were not reported during these quarters mainly because the information was not received from the external agencies within the quarterly reporting periods, hence the correction had to be done at an annual reporting level.

#### 4.4.5. Linking Performance with Budgets

##### Sub-programme expenditure

| Enterprise Development, Innovation and Entrepreneurship | 2024/2025           |                    |                          | 2023/2024           |                    |                          |
|---------------------------------------------------------|---------------------|--------------------|--------------------------|---------------------|--------------------|--------------------------|
|                                                         | 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, Innovation and Entrepreneurship | 7 719               | 6 470              | 1 249                    | 1 994               | 1 833              | 161                      |
| Entrepreneurship and Enterprise Development             | 1 336 554           | 1 336 024          | 530                      | 1 420 665           | 1 417 540          | 3 115                    |
| Funding Support and Coordination                        | 692 156             | 692 115            | 41                       | 787 071             | 777 591            | 9 480                    |
| <b>Total</b>                                            | <b>2 036 429</b>    | <b>2 034 608</b>   | <b>1 821</b>             | <b>2 209 730</b>    | <b>2 196 964</b>   | <b>12 766</b>            |

Annual expenditure for Programme Four: Enterprise Development, Innovation and entrepreneurship amounted to R2.035 billion (99.9%) against the final appropriation of R2.036 billion, resulting in an under expenditure of R1.8 million (0.1%). Compensation of Employees contributed R1.7 million to the underspending largely due to vacancies.

The main cost drivers on expenditure are Compensation of Employees at R49.2 million, Goods and Services at R14.4 million, and Transfers and Subsidies at R1.971 billion. The drivers on Goods and Services expenditure are travel and subsistence (R6.5 million), Consultants (R2 million), Fleet services (R529 thousands), Administration fees (R371 thousands), Operating payment (R585 thousands), and Venues (R3.6 million).

#### 4.4.6. Strategy to Overcome Areas of Underperformance

| Area of Underperformance                                                           | Extent of Underperformance                                                          | Strategies to overcome the areas of underperformance                                                                                                                                                                      |
|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 30 000 Township & Rural Enterprises supported financially and or/ non financially. | 27 526 Township and Rural Enterprises supported financially and/or non-financially. | The TREP programme was reviewed and approved during the period under review, to streamline processes, procedures, and systems. The reviewed and approved TREP will be implemented by SEDFA during 2025/26 financial year. |
| 1 000 crafters Supported through the Craft Customised Sector Programme.            | 714 crafters supported through the Craft Customised Sector Programme.               | During 2025/26 financial year, the craft Customised Sector Programme will be reviewed and redesigned (fit for purpose) resulting in a revised Programme Guideline approved.                                               |

And also, all provincial agencies and hubs will be encouraged to participate in the Craft Customised Sector Programme in the next financial year.

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

Not Applicable to 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                        |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------------------|----------------------------------------------------------|
| Seda                  | <ul style="list-style-type: none"> <li>• Business registrations.</li> <li>• Business planning.</li> <li>• Business advice counselling and training.</li> <li>• Facilitation of access to finance.</li> <li>• Facilitation of access to markets.</li> <li>• Co-operatives support.</li> <li>• Business incubation.</li> <li>• Targeted small enterprise training</li> <li>• Product Markets</li> <li>• Energy intervention</li> <li>• General dealers Asset assist programme</li> </ul> | 1 131 397                                       | Accounted for in the Seda (SEDFA) 2024/25 Annual Report.        | Accounted for in the Seda (SEDFA) 2024/25 Annual Report. |
| Seda                  | Technology programme access to technology.                                                                                                                                                                                                                                                                                                                                                                                                                                             | 167 672                                         | Accounted for in the Seda (SEDFA) 2024/25 Annual Report.        | Accounted for in the Seda (SEDFA) 2024/25 Annual Report. |
| Seda                  | Capacity-building programme for economic development provision of technical capacity and skills development.                                                                                                                                                                                                                                                                                                                                                                           | 17 005                                          | Accounted for in the Seda (SEDFA) 2024/25 Annual Report.        | Accounted for in the Seda (SEDFA) 2024/25 Annual Report. |
| Sefa                  | Township and Rural Entrepreneurship Fund And COVID-19 – Emergency Fund.                                                                                                                                                                                                                                                                                                                                                                                                                | 344 181                                         | Accounted for in the <b>sefa</b> (SEDFA) 2024/25 Annual Report. | Accounted for in the sefa (SEDFA) 2024/25 Annual Report. |
| Sefa                  | Blended Finance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 298 209                                         | Accounted for in the <b>sefa</b> (SEDFA) 2024/25 Annual Report. | Accounted for in the sefa (SEDFA) 2024/25 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 2024 to 31 March 2025

| 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                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------|------------------------------|---------------------------------------|----------------------------------------------------|----------------------------|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| GP Tourism Authority                                | Provincial Government Agency | Support Crafters                      | Yes                                                | 1 115                      | 1 105                      | R9.7 billion under expenditure: Savings from a combined event with an internal unit of the GTA                                                                                                                                                                                                                                                                         |
| Bokone Bophirima Craft and Design Institute (BBCDI) | NPO                          | Support Crafters                      | Yes                                                | 4 700                      | 4 700                      | None                                                                                                                                                                                                                                                                                                                                                                   |
| Cape Craft and Design Institute (CCDI)              | NPO                          | Support Crafters                      | Yes                                                | 4 688                      | 4 688                      | None                                                                                                                                                                                                                                                                                                                                                                   |
| Eastern Cape Development Corporation (ECDC)         | Public Corporation           | Support Crafters                      | Yes                                                | 1 718                      | 1 487                      | R232 000 under expenditure: The reason for not using all the funds is because the first tranche was allocated in August 2025. According to ECDC, the agency did not have enough time to use the remaining funds as they only had 7 months left for the year and many events had passed. The 2024/25 programmes were only funded by the CSP fund and not by the entity. |

The table below reflects the transfer payments which were budgeted for in the period 1 April 2024 to 31 March 2025, 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 |
|--------------------|---------------------------------------------|-----------------------------|----------------------------|----------------------------------------|
| N/A                | N/A                                         | N/A                         | N/A                        | N/A                                    |

## 6. CONDITIONAL GRANTS

Not applicable to the DSBD.

## 7. DONOR FUNDS

### 7.1. Donor Funds Received

The “Employment promotion through MSME 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/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.

For the 2024/25 financial year, DSBD received funds amounting to **R59,413,599.75** as apportioned on the table below.

**The table below details the donor funds received for the period 1 April 2024 to 31 March 2025**

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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Full amount of the funding</b> | Budget Support R697,969,083 (EUR 41,150,000)<br>Technical Assistance EUR 15,295,800 (contracted and paid by the EU directly)<br>Total for programme EUR 56,445,800                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Period of the commitment</b>   | 24 July 2017 – 31 March 2025                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Purpose of the funding</b>     | Support programme to support the promotion of employment through Small, Micro and Medium Enterprises (SMMEs) for South Africa                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Expected outputs</b>           | <ol style="list-style-type: none"> <li>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);</li> <li>2. To improve access to finance for SMMEs with limited/no access to finance; and</li> <li>3. To improve the regulatory and administrative environment of SMMEs.</li> </ol>                                                                                                                                                                                                                                   |
| <b>Actual outputs achieved</b>    | <b>KRA 1</b> <ul style="list-style-type: none"> <li>• 4IR Incubators supported (KZN, Free state, LP, MP, Eastern cape, Western cape, North West)</li> <li>• ESD support and ESD CoP</li> <li>• Cannabis Cluster pilot &amp; Incubators</li> <li>• ICT systems support – DIMS</li> <li>• Market access for digital entrepreneurs training</li> <li>• BDS support, info &amp; tools</li> <li>• ShetradesZA hub support</li> <li>• Township economy development work</li> <li>• DALRRD – LITS system</li> <li>• DALRRD – C-LIMS system</li> <li>• Training &amp; capacity building for Agri i-SMMEs</li> <li>• Food safety guidelines for SMMEs</li> </ul> |

| Name of donor                                 | EUROPEAN UNION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                               | <p><b>KRA 2</b></p> <ul style="list-style-type: none"> <li>• ESD Fund</li> <li>• Innovation Fund</li> <li>• Youth Challenge Fund</li> <li>• Position papers/ webinars/assessments on MSME credit guarantees. Micro finance, finance policy</li> <li>• Stakeholder engagement forum support</li> </ul> <p><b>KRA 3</b></p> <ul style="list-style-type: none"> <li>• Policy and legislation support</li> <li>• Strategy and framework support</li> <li>• Institutional merger support</li> <li>• Webinars/policy dialogues/roundtables/stakeholder consultations support</li> <li>• Partnerships</li> <li>• Longitudinal study</li> <li>• RTR Inter-provincial quarterly meetings &amp; capacity support</li> <li>• IBP platform</li> <li>• Communication of support</li> </ul>                                                                                                                                                                           |
| <b>Amount received (R'000)</b>                | R59,413,599.75                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Amount spent by the department (R'000)</b> | R40,928,830.32                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Reasons for the funds unspent</b>          | <p>Delays in procurement processes</p> <p>Changes in staffing and arrangements in implementing partners</p> <p>Planned activities postponed or changed/reprioritised</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Monitoring mechanism by the donor</b>      | <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"> <li>• Weekly dashboards reports (including financials);</li> <li>• Monthly financial reports;</li> <li>• Quarterly reports against annual workplans; and</li> <li>• Agreed procedural report apart from normal audit reports by all Implementing Partners.</li> </ul> <p>For Complementary of Technical Assistance: Quarterly and six monthly reports.</p> <p><b>Evaluations</b></p> <ul style="list-style-type: none"> <li>• Mid Terms Review (External service provided contracted by EU) Completed February 2022;</li> <li>• Final Programme Evaluation (External service provided contracted by EU) to be done in Q2 of 2025/26</li> </ul> <p>Project Specific Evaluations (Captured in the Annual Workplans).</p> |

## 8. CAPITAL INVESTMENT

### 8.1. Capital investment, Maintenance, and Asset Management Plan

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

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

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

One infrastructure project was completed during the year under review, and four were in progress, the variances are that the four projects could not be finalised mainly due to delays in project implementation.

#### Infrastructure projects that are currently in progress (list projects) and when are they expected to be completed, Plans to close 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 Pretoria. Both private leases ended in March 2025, and has now been renew on a month basis for next six months.

#### Progress made on the maintenance of infrastructure

The Department currently manages four State residences one in Gauteng and three in 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 (DELTA). 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 1 555 assets worth R 35.3 million consisting of 1 071 major assets worth R 34.1 million and 484 minor assets worth R 1.180 million. There are currently 36 assets under investigation worth R 943 thousand. Disposed Assets Major QTY: 130 worth R 3 289 012.84 Minor QTY: 16 worth R 41 692.70

#### 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 1 555 is as follows:

| Status       | Qty          | %             |
|--------------|--------------|---------------|
| Good         | 1,463        | 94.1%         |
| Fair         | 29           | 1.9%          |
| Poor         | 20           | 1.3%          |
| Lost         | 31           | 2.0%          |
| Burnt        | 4            | 0.3%          |
| Damaged      | 8            | 0.5%          |
| <b>TOTAL</b> | <b>1,555</b> | <b>100.0%</b> |

### 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, and what measures were taken to keep on track

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

| Infrastructure projects    | 2024/2025                 |                          |                                | 2023/2024                 |                          |                                |
|----------------------------|---------------------------|--------------------------|--------------------------------|---------------------------|--------------------------|--------------------------------|
|                            | Final Appropriation R'000 | Actual Expenditure R'000 | (Over)/Under Expenditure R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | (Over)/Under Expenditure R'000 |
| New and replacement assets | 7 178                     | 7 130                    | 48                             | 7 113                     | 6 699                    | 414                            |
| <b>Total</b>               | <b>7 178</b>              | <b>7 130</b>             | <b>48</b>                      | <b>7 113</b>              | <b>6 699</b>             | <b>414</b>                     |

# C PART

## 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 2024/25 financial year. In demonstrating this commitment, the Department has put governance structures in place to ensure good governance and effective, efficient and economical use of state resources in the following areas: Risk Management, Anti-Fraud and Corruption, Minimising Conflicts of Interest, Code of Conduct, Health, Safety and Environmental issues, Portfolio Committee, Audit and Risk Committee (ARC), and B-BBEE Compliance Performance Information.

## 2. RISK MANAGEMENT

The Department has an approved Risk Management Policy, Strategy and the Risk and Ethics Management Committee Charter. To execute risk management programmes, the approved Risk and Integrity Management Implementation Plan has been implemented which serves as a guide to the facilitation of risk identification, monitoring, and reporting at strategic, operational, fraud and corruption, as well as project levels. This was in accordance with the departmental plans supported by the National Treasury Regulations to conduct an annual risk assessment to determine the effectiveness of its risk management strategy, and to identify new and emerging risks through regular engagements with risk owners, management structures such as the Management Committee (MANCO) and Executive Committee (EXCO), as well as through quarterly reports.

In 2024/2025 financial year, the Department reviewed the Compliance and/or Regulatory Universe which encompasses the Department's legislative framework. To ensure continuity on the monitoring of the Compliance Universe, the Department has developed the compliance monitoring template. The Department's business continuity management remains a critical area. In response to this need the Department has developed the business continuity management policy. This will set the foundation to conduct business impact assessment for the Department.

To ensure the provision of the oversight role on the systems of internal control, risk management and governance, the Department continued to have the Risk and Ethics Management Committee (REMC). The REMC continued to provide instructive advice on risk and ethics management processes.

## 3. FRAUD AND CORRUPTION

The Department has developed Fraud Prevention Policy, Fraud Strategy and Whistle Blowing Policy. The DSBD 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 DSBD through the National Anticorruption Hotline (0800 701 701). The fraud risk assessment was conducted during 2024/25 financial year and fraud profile was developed and approved by the Director-General. The pro-active identification of risks assisted the Department to put together mitigating measures to prevent the fraud risks.

During the financial year under review, the Department approved the Ethics Management Strategy that is aimed at enhancing the management of conflict of interest, remunerative work outside the public service, gift management, and the disclosure of other financial interests.

The Department continued to value the significance of conducting the fraud and corruption awareness. The awareness sessions were conducted through departmental website and at the Departmental Inductions to the newly appointed officials 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.

The highlights in 2024/25 were the undertaking of Lifestyle Review by DSBD to encourage transparency, the management of the potential conflict of interest and fraud related risks. To prevent and detect fraud and corruption in the Public Service, lifestyle audits are a critical and legitimate management tool and forms part of a Department's system of risk management

## 4. MINIMISING CONFLICT OF INTEREST

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 2024/25 financial year disclosure period, all SMS and other designated officials disclosed their financial interests 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 outlined in Chapter 2 of the Public Service Amendment Regulations of 2023, serves as a comprehensive guideline for employees regarding the ethical standards expected in their personal conduct and interactions with others. To promote adherence, training sessions were conducted, and all newly appointed officials were required to acknowledge receipt of the Code. This measure ensures awareness and supports consistent compliance across the public service. Depending on the severity of the breach either a progressive discipline or harsher disciplinary process will be followed. Sanctions can vary from counselling, warning to dismissal.

## 6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Department continued to implement a comprehensive range of Occupational Health and Safety (OHS) initiatives to ensure ongoing compliance with the Occupational Health and Safety Act (OHSA). Key activities undertaken during the reporting period included targeted training for various OHS and Wellness Committee role players, such as First Aiders, Fire Marshals/Firefighters, SHE Representatives, and Wellness Buddies. In addition, building inspections were conducted at both the Pretoria and Cape Town offices to identify and mitigate potential safety hazards. Awareness sessions on the Compensation for Injuries and Diseases Act (COIDA) were also held in partnership with representatives from the Department of Labour, contributing to improved understanding and compliance among employees.

The Department effectively managed two active injuries on duty cases in collaboration with relevant stakeholders. Ongoing workplace safety education and awareness were maintained through digital platforms, such as online posters distributed via DSBD Blitz. Disaster Management Plan awareness sessions were conducted. Collaboration with the Risk and Integrity Management Unit continued through participation in the National Disaster Management Collaboration (Technical Task Team on Disaster Risk Management). The OHS inductions formed part of the compulsory DSBD Induction Programme to ensure that all new employees were well-versed in relevant safety procedures.

Although the Emergency Evacuation Drill could not take place as scheduled due to the unavailability of committee members, many of whom were on leave or had work commitments, it has been rescheduled for the first quarter of the 2025/26 financial year. Notably, following the relocation to the ground and first floors of the DSBD

occupied building (Block G), compliance with OHSA regulations has improved significantly. Identified hazards from an earlier inspection by the Department of Labour are being addressed in coordination with Facilities and Security Management, the ICT Management Unit, and **the dtic** (the landlord). Communication has also improved through the establishment of an OHS WhatsApp group and regular email reminders, which contributed to better attendance and participation in OHS committee meetings.

The OHS risks were identified, particularly related to remote work arrangements and conditions within the physical office. Employees working from home often do so using makeshift workstation such as dining room tables and chairs which are not ergonomically designed for prolonged use, leading to reported cases of muscle pain and lower back injuries. Furthermore, there were instances of loss or theft of laptops and other tools of trade while employees were working from public spaces, resulting in financial implications for both the employer and the employee. Within the office environment, poor housekeeping specifically the accumulation of boxes and files in offices was flagged as a fire hazard, posing significant risks to life, property, and critical departmental information.

The cumulative impact of these activities has been largely positive. They have enhanced awareness, compliance, and engagement regarding workplace safety and health regulations. Training and awareness initiatives empowered staff with essential knowledge, while inspections and collaborative efforts ensured that identified risks were systematically addressed. As a result, the Department is better positioned to respond to emergencies, manage health and safety risks, and safeguard employee wellbeing both onsite and remotely.

## 7. PORTFOLIO COMMITTEES

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

| Date                 | Agenda                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10 July 2024         | Portfolio Committee met with the Department to consider the annual performance of DSBD, <b>Seda</b> and Sefa this was to set out the targets for the 2024/25 and ensure that they align with the budget allocations for the financial year. The meeting was also to introduce new members of Parliament as this was the first session of the Department in the new administration.                                                                                                                                                                                                                                                                                                      |
| 12 July 2023         | Debate on Vote 36: Small Business Development                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 4 September 2024     | <ol style="list-style-type: none"> <li>1. Briefing by Auditor General of South Africa (AGSA) on overview of audit outcomes for the Departments of Trade, Industry and Competition, Communications and Digital Technologies, Small Business Development, Employment and Labour and Tourism.</li> <li>2. Consideration of Sixth Term Legacy Reports</li> <li>3. Consideration and adoption of Minutes</li> </ol>                                                                                                                                                                                                                                                                          |
| 11 September 2024    | The Department participated in the induction workshop of the Portfolio Committee, and use the meeting to induct members on the amended National Small Enterprise Amendment Act, 2024 (Act 21 of 2024) which is an enabling legislation for the Establishment of the Small Enterprise Ombuds, and the incorporation of the Small Enterprise Finance Agency and the Co-operatives Bank Development Agency into the Small Enterprise Development Agency to form the new agency SEDFA.                                                                                                                                                                                                      |
| 18 September 2024    | The Department with its agency presented the Quarter 1 performance report to highlight its performance in the first quarter against the APP targets.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 08 – 11 October 2024 | The Portfolio Committee conducted an oversight visit in the Northern Cape, its report was finalised and submitted to the Department, and the Department continues to report quarterly on progress on some of the recommendations from the oversight while the committee has requested the department to present a comprehensive report on the recommendations from the oversight visit.                                                                                                                                                                                                                                                                                                 |
| 16 October 2024      | <ul style="list-style-type: none"> <li>• Consideration and adoption of 2024 Third Term Committee Programme.</li> <li>• Consideration and adoption of Committee minutes.</li> <li>• Briefing by Deloitte South Africa on the 2023/24 performance of the Small Enterprise Finance Agency (sefa)</li> <li>• Briefing by Auditor-General of South Africa on the 2023/24 performance of the Department of Small Business Development (DSBD) and Small Enterprise Development Agency (Seda).</li> </ul> <p>Briefings on the 2023/24 Annual Performance of the Department of Small Business Development and agencies in preparation for Budget Review &amp; Recommendations Report (BRRR).</p> |
| 20 November 2024     | After the outbreak of food poisoning in Spaza Shops, the Portfolio Committee invited the Department to brief the committee on the response of the department to the outbreak and update the committee on plans to mitigate and ensure safe trading for local Spaza shops – the Department continues to give updates on Spaza Shops registration and the interventions to support spaza shops as announced by the President.                                                                                                                                                                                                                                                             |
| 27 November 2024     | The Portfolio Committee consider the Quarter 2 reports of the department and the agency as part of oversight on the department.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 04 December 2024     | After the merger of sefa, CBDA into Seda, the Department tabled a revised APP for the new agency – and on the 4th of December SEDFA was invited to present the revised APP of the new agency.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 19 February 2025     | <p>Consideration and adoption of Committee Minutes.</p> <p>Joint Committees on Progress on progress on registrations &amp; interventions for Spaza Shops.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

| Date                            | Agenda                                                                                                                                                          |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12 March 2025                   | • Briefing on 2024/25 Third Quarter Performance Report by the Department of Small Business Development and Small Enterprise Development Finance Agency (SEDFA). |
| 19 March 2025                   | Briefing on progress on the issue of VERQUIOLINE HOLDINGS PTY LTD T/A DIY DEPOT KURUMAN, emanating from the Northern Cape Oversight Visit.                      |
| 31 March – Friday, 4 April 2025 | Oversight visits to Limpopo.                                                                                                                                    |

### Matters Raised by the Portfolio Committee and how has the Department Addressed these Matters

| No. | Matters raised by the Portfolio Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Department's response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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| 1.  | The Committee welcomes and applauds the Department for receiving its third consecutive unqualified audit opinion (clean audit) with no material findings on performance information and its second unqualified audit opinion with no major findings on annual financial statements. The Committee wishes to encourage the Department to continue to ensure that implementation of the audit action plan is monitored on a regular basis to enable the team to curtail repeat findings.                                 | <p>The audit action plan was developed and implemented, and it is monitored monthly to avoid repeat findings.</p> <p>Follow-up audit on the audit action plan to be conducted by Internal Audit in quarter 4 of the 2024/25 financial year to confirm the effectiveness of the implemented controls.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 2.  | <p>The Department's financial spending performance is stable, however, it decreased slightly from 99% in 2022–2023 to 98% in 2023–2024 (a drop of 1% point).</p> <p>As a result, the amount that was underspent in the 2023–2024 financial year increased to R44 million from R19 million. The underspending is negligible in percentage terms and is well within the target of a variation of less than 5%.</p> <p>Nonetheless, the Committee would like to see the allocated funds fully committed and utilised.</p> | <p>Within Programme One (Administration), the DSBD has fully allocated the Cost of Employment (CoE) budget for the period from 2024/25 to 2026/27, with an extension through 2027/28. The budget covers 318 permanent positions, which is 146 fewer than initially planned in the approved structure, due to ongoing cost containment measures and the impact of annual adjustments. For the 2024/25 financial year, the allocation is R251.5 million, which will increase to R274.7 million by 2026/27. The medium-term allocations for 2025/26 to 2027/28 are set at R262.7 million for 2025/26, with an increase to R287.1 million by 2027/28. In addition, the Department implemented various measures, such as amongst others a recruitment plan that is closely monitored as well as resources additional to the establishment to assist with the additional workload, and to expedite the filling of current vacancies.</p> <p>With regards to the spending of the Sector Policy and Research Programme (Programme Two), the Department drafted the Cannabis Support Framework which will act as a guide on further development of the Cannabis Support Plan to be implemented from 2025/26. The allocated budget of R4,6 million for the current financial year (2024/25) will focus on areas of intervention that are to be led by the DSBD in terms of the Cannabis Master Plan. The funds will be utilised to support five provinces (5): NW, EC, FS, KZN and NC on key main elements to support MSMEs in the Hemp sector; these are Advocacy, Compliance &amp; Outreach to promote the existing Hemp growers and retailers to access market and promote their existing products. The Department wishes to reach 3 000 small scale farmers to comply in order to be considered for further financing to scale up the current programmes in the provinces.</p> <p>For Programme Three (Integrated Co-operatives and Micro Enterprise Development), there is serious underspending linked to the Infrastructure Unit. Several measures have been taken to project the potential spending by end of March so that the balance can be declared.</p> |

| No. | Matters raised by the Portfolio Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Department's response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
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|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Programme Four (Enterprise Development, Innovation and Entrepreneurship) does not have significant underspending. The only underspending in the Case Management System for the Office of the Ombuds. The case management system project will be finalised as soon as the Ombuds is appointed as the Department cannot carry out this project has to be driven by the Ombuds. The underspent funds will be allocated to areas in the Branch where there is significant overspending because of the Spaza Shop registration processes, as well as the Township and Rural Economy Development and Revitalisation Policy dialogues.                                                                                                                                                                                                                                                                                                                                                                                         |
| 3   | During the period under review, the Committee observed that employee compensation as well as Goods and Services account for most of the underspending on financial indicators. This pattern has characterised the Department throughout the MTSF period where all four programmes of the Department underutilised their financial allocations primarily due to unfilled funded positions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p>The Department implemented various measures to decrease the vacancy rate and ensure spending of the CoE budget. These includes amongst others: 1) Implementation of a Recruitment Plan that is closely monitored by the Executive Committee (monthly reporting), 2) Appointed a Service Provider that assists with response handling, 3) Appointment of 4 resources within HR additional to the establishment to assist with the increased workload in decreasing the vacancy. In addition, resources additional to the establishment to assist in technical areas, such as Business Regulation, establishment of the Small Enterprise Ombud Services, will also contribute to expending in respect of the CoE budget.</p> <p>It should however be noted that the Department continues to receive notices of termination of employment for different reasons, which negatively affects the efforts of filling all the vacancies.</p>                                                                                 |
| 4   | On the contrary, the Committee notes and welcomes the filling of two crucial positions, namely, the Deputy Director-General's heading Sector Policy and Research as well as Enterprise Development, Innovation and Entrepreneurship, and the most recent appointment of the Director General on a permanent basis. This will undoubtedly bring much needed stability to the Department. It should be noted, however, that one DDG post remains vacant by the end of 2023-24, as do many other senior management positions. As of 31 March 2024, the vacancy rate remained above the threshold of 10%                                                                                                                                                                                                                                                                                                                                                        | <p>The Department successfully reduced the vacancy rate within the senior management service from 23.7% to 13.7%. However, due to two recent and unforeseen terminations, the Department was unable to achieve further reduction in the vacancy rate at a senior management level.</p> <p>Regarding the overall vacancy rate, although it remains above the 10% threshold, the Department was able to reduce the vacancy rate by 5% by the end of Q3.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 5   | It is not unexpected for the Department(s) to not meet their annual targets. But it is alarming when it fails to meet the MTSF target, more especially in an environment where the SMME funding gap exceeds R300 billion. Measures to scale-up access to finance for SMMEs and cooperative is one of the key deliverables for the Department. The Committee notes the Department's clarification that the SMME and Co-operatives Funding Policy was approved by the Cabinet and published for public comments on 28 April 2023, comments window was re-opened between December 2023 and February 2024 to accommodate requests for submission of additional comments made by the newly appointed DSBD DDGs and Sefa. The Committee was informed that this deadline for this target was not met as the final inputs were received almost at the end of March 2024. The Committee believes significant progress could have been made over the last five years. | <ul style="list-style-type: none"> <li>The MSMEs and Co-operatives Funding Policy was approved for implementation by the Cabinet in September 2024 ahead of the planned annual target date of 31 March 2025.</li> <li>The policy was subject to language editing and graphic design and will be published in the government gazette on or before 28 February 2025.</li> <li>Policy Implementation: <ul style="list-style-type: none"> <li>An implementation plan was developed to guide the implementation process. The Department has conceptualised the Fund of Funds to alleviate market failure and credit market inefficiencies preventing MSMEs from accessing developmental credit. The DSBD is collaborating with the DTIC to consolidate the Fund of Funds and Transformation Fund due to their similarities, including their target market. DSBD attended a brainstorming session and submitted proposals for inclusion into Transformation Fund Concept that was generated during Q3.</li> </ul> </li> </ul> |

| No. | Matters raised by the Portfolio Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Department's response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
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|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <ul style="list-style-type: none"> <li>• DSBD and the International Finance Corporation (World Bank) are collaborating to implement the Movable Assets Collateral Registry (MACR). A multi-stakeholder Steering Committee was established to oversee the implementation of the MACR. Three sub-committees (Collateral Registry System, Legal and Awareness creation, and sensitisation) were established to assist the Steering Committee in discharging its duties. Two subcommittees met during Q3 to adopt formal terms of reference and has scheduled meetings for February 2025.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 6   | <p>Similarly, and considering ongoing tension between local and foreign owned spaza shops, the Committee is not pleased with the delay in finalising the review of the Business Amendment Bill. In his 2022 SONA address, the President stated that the Bill would be referred to Parliament before the conclusion of that financial year. Successive APPs of the Department from 2022/23, 2023/24 to 2024/25 have made commitments to finalise and refer this Bill to Parliament. The Committee is aware that the Department is working tirelessly to finalise it including gazetting the National Business Licensing Policy in February 2024. However, adherence to timeframes is also very critical.</p>                                                                                                                                                                      | <p>The DSBD intends to seek Cabinet's approval for consultation with the public before the Business Licensing Bill may be tabled to Parliament. This is to ensure thorough consultation with key stakeholders and the public. The following activities are planned to be undertaken:</p> <ul style="list-style-type: none"> <li>• Presentation of the Business Licensing Bill for OCSLA approval (January 2025 – March 2025),</li> <li>• Presentation of BLB to DGs and Ministerial Clusters (April 2025)</li> <li>• Presentation of the Business Licensing Bill to Cabinet for public comments (June 2025)</li> <li>• Gazette Bill for public comment, 30 days (July – August 2025)</li> <li>• Processing of public comments (September 2025)</li> <li>• Presentation of the Business Licensing Bill to Cabinet for approval for the Bill to be introduced to Parliament (November 2025)</li> <li>•</li> </ul> <p>On the other hand, the National Business Licensing Policy remains a priority, as it provides the basis for the simplified licensing proposed in the Bill. The DSBD intends to review the Draft Policy and present it to Cabinet for approval (February – March 2025). In addition, the DSBD further embarked on a process to appoint a service provider to ensure all public comments are adequately responded to such that the policy is completed by 31 March 2025. This approach ensures that the policy is technically sound, taking into consideration the needs of all stakeholders. The DSBD aims to gazette the policy by end of 2024/25 financial year upon approval by the Cabinet.</p> |
| 7   | <p>The Committee takes note of the government's transition from the Medium-Term Strategic Framework (MTSF) to the Medium Term Development (MTDP) with great interest. In particular, the Committee welcomes the government's approach of enlisting the help of non-state sectors, such as experts, think tanks, academia, business, labour, and civil society, as well as development partners to create a plan that will guarantee economic growth of more than 5% annually, the creation of more than a million jobs, and an increase in investment directed towards more labour-intensive activities across the main economic sectors as envisaged in the NDP. The Committee is optimistic that the Department and entities' Strategic Plans (2025–2029) and Annual Performance Plans (2025–26) would include performance goals that focus on achieving the MTDP targets.</p> | <p>The GNU has made inclusive growth and job creation its apex priority. International experience shows that it is MSMEs that are the drivers of both economic growth and job creation. The National Development Plan recognises this by guiding that 9 million of the 11 million jobs needed by 2030, and between 60% and 80% of future economic value, should come from MSMEs. The NDP Advisory Note which has informed the Medium Term Development Plan (MTDP) outcomes for the 7th Administration suggests we need 5.8 million MSMEs to achieve these 2030 targets, meaning there is a need to double the number of MSMEs the country currently have.</p> <p>This will take a quantum shift in the support provided to MSMEs across the eco-system. It requires the government to work in a more coordinated manner, and to actively leverage resources from the private sector and other stakeholders in support of this new scaled support eco-system.</p> <p>To give effect to this co-ordination and alignment, the Department of Small Business Development (DSBD), under the leadership of Minister Stella Ndabeni-Abrahams, developed the country's third iteration MSME Strategy in 2022.</p>                                                                                                                                                                                                                                                                                                                                                                                                            |

| No. | Matters raised by the Portfolio Committee                                                                                                                                                                                                                                                                                                                                                                                            | Department's response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
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|     | <p>These goals should ideally include the number of quality jobs created (not just facilitated or sustained), the impact of support given to the beneficiaries rather than the number of recipients receiving support, and the degree to which the Department's and SEDFA's assistance results in the elimination or total eradication of poverty, especially in areas that STATSSA has identified as being affected by poverty.</p> | <p>The National Integrated Small Enterprise Development Strategic Framework (NISED) as it is known was endorsed by all stakeholders at the November 2022 National MSME and Co-operatives Summit. The NISED frames the following five policy priorities for the Department of Small Business development for this, the 7<sup>th</sup> Administration.</p> <ul style="list-style-type: none"> <li>• Priority 1: Cut red tape and improve the ease of doing business for MSMEs and co-operatives</li> <li>• Priority 2: Enable market access for MSMEs and co-operatives</li> <li>• Priority 3: Provide access to finance for MSME and co-operatives</li> <li>• Priority 4: Equip entrepreneurs and MSMEs with the necessary business acumen and skills</li> <li>• Priority 5: Build the capacity and capabilities of DSBD to lead the small enterprise support ecosystem.</li> </ul> <p>Currently, the Department has submitted inputs to the draft 2024-29 MTDP, which are aligned to the five policy priorities for the Department of Small Business Development for the 7th Administration, amongst the others, One million small enterprises supported financially and non-financially, led by the Department of Small Business Development and supported by the Department of Tourism / Department of Trade, Industry and Competition / Department of Agriculture / Department of Forestry, Fisheries and the Environment / Department of Science and Innovation / Provincial Institutions (concurrent function on enterprise development. During the current administration, the department and its entity will ensure it has created 273,500, sustained 1,606,500, and facilitated a total of 1.8 million.</p> <p>The DSBD hosted a two-day session with the provincial departments that share a concurrent function with the department on enterprise development. This allowed the Department to compile inputs to the MTDP that are not only focused on the deliverables of the Department, but those of the sector.</p> <p>A workshop, led by the Minister for Small Business Development with the Department of Planning, Monitoring and Evaluation in attendance, was held to review and finalise the Department's inputs into the draft MTDP.</p> <p>The 2024-29 MTDP targets are currently reflected in the Department and its entity's (SEDFA) draft 2025-30 Strategic Plans and draft 2025/26 APPs. It should however be noted that these are still at draft stage, until the MTDP has been approved by Cabinet.</p> <p>While the entity is doing everything it can to facilitate jobs creation by the MSMEs, there are other factors that are outside the control of the organisation, such as economic climate, crime, power outages, water shortages, etc. that affect businesses productivity.</p> <p>The organisation will continue to offer its clients numerous interventions in trying to address challenges that are outlined by the diagnostic tools/assessments to address business needs and continue to conduct improvement assessments on all supported clients to access the impact derived from interventions/support provided.</p> |

| No. | Matters raised by the Portfolio Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Department's response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <p>The organisation will continue to support businesses based in the township and rural areas as well as increasing its footprint by establishing access points where the organisation did not have Branches or Incubators.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 8   | <p>The crystallisation of key performance indicators has been a matter of great discontent for the Committee. The Committee is of the opinion that the Department and agencies give too much priority to numbers instead of assessing the impact of their support on recipients. In its oversight visit to the Northern Cape, the Committee identified several interventions that would not likely result in the real impact on the ground. For example, there were numerous instances where beneficiaries received training. But when probed further regarding how the training benefited them, be it increase in sales or revenues, skills to turnaround or grow the business etc, it became apparent that the objective of the interventions start and end with training. The training and support interventions are not meant to guide or handhold the beneficiaries throughout the entire value chain process. The distribution of utensils, catering supplies, machinery, and other items without first determining the beneficiaries' needs was another example of the mismatch in offering help or support that was not necessarily needed by the clients. Consequently, the beneficiaries' needs, and the intervention were often misaligned</p> | <p>Some of the challenges affecting the impact of the interventions (e.g. linking products and services of small enterprises to the domestic market) can be attributed to the fact that the decision to list these products remain with the retailers and wholesalers. The DSBD is currently in consultations with ecosystem players with the aim to address such challenges and to develop a market access framework that will ensure greater accountability and cooperation between government and the private sector.</p> <p>Equipment and machinery are applied for and selected by applicants during an IMEDP workshop where applicants are advised to apply for items depending on the needs of their businesses, so that the items can be utilised productively. It must be emphasised that prior to being invited to the workshops, the applicants are either vetted by their Local Municipalities (license and permit holders), business associations or forums to which they belong and, in some instances, SEDFA does referrals based on familiarity through prior non-financial engagements.</p> <p>There are several strategies currently at play to ensure an alignment between DSBD's support interventions and the actual needs of its beneficiaries. To align our products to customer needs, we have adopted the following strategies:</p> <ol style="list-style-type: none"> <li>1. Needs Assessment and Stakeholder Engagement: On a regular basis, the Department and its entities conduct needs assessments through surveys (such as the business conditions surveys) to understand the specific requirements and challenges faced by beneficiaries. The responses obtained from our target market helps us identify where we are meeting our beneficiary expectations and where there are gaps, then targeted interventions are done to address the gaps.</li> <li>2. Data-Driven Decision Making: We use data analytics to track the effectiveness of current programmes being offered and to understand beneficiary demographics (both current and their potential growth) in order to respond adequately to their needs. Over time, we assess the impact of our interventions to establish if they have met the intended outcomes.</li> <li>3. Customised Financial Products: Some of our products are designed to respond to specific needs to re-dress the inequalities of the past. The case in point being the specific programmes aimed at supporting Women, Youth and Persons with Disabilities. These programmes are offered at discounted interest rates and are blended in nature (a combination of a loan and a grant), whilst some are pure grants such the Asset Assist Programme.</li> <li>4. Capacity Building: Offer training and capacity-building programmes that are designed to equip our beneficiaries with the skills needed to enhance the sustainability of their businesses. Through a pool of competent mentors, when we establish gaps upon disbursement of loans for example, we immediately assign a suitable mentor for a period of up to 12 months, at the cost of the entity to provide the relevant training to the beneficiary.</li> </ol> |

| No. | Matters raised by the Portfolio Committee | Department's response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
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|     |                                           | <p>5. Partnerships and Collaborations: Given the limited resources (both human capacity and financial resources), as a Portfolio, we forge partnerships with local institutions that are part of the small business eco-system to leverage on their skills and financial resources to enable us to reach more beneficiaries, particularly those residing in areas that are un-served or under-served. We further make use of our Credit Guarantee Insurance business (KCG) to provide credit cover to financial institutions that are willing to fund small businesses that do not have collateral.</p> <p>The National Integrated Small Enterprise Development Strategy (NISED), developed by DSBD, has also sought to address the gap between what is offered to Micro, Small and Medium Enterprises (MSMEs) and what they truly need. Below is an outline of our challenges and how the NISED strategy proposes to resolve them, through bold and transformative approach.</p> <p>Key Challenges</p> <ol style="list-style-type: none"> <li>1. Fragmented and uncoordinated support: Our programmes duplicate each other, relying on anecdotal evidence rather than robust data. As a result, MSME needs are not adequately met.</li> <li>2. There are gaps in data and measurement: We lack sufficient information on MSME performance to assess the effectiveness of our programmes. Furthermore, inconsistent definitions of MSMEs across policies create confusion and inefficiencies in delivering support.</li> <li>3. Regulatory and administrative barriers that weigh heavily on MSMEs: The compliance burden and red tape limit their competitiveness and growth, and this must change.</li> </ol> <p>Proposed Measures</p> <ol style="list-style-type: none"> <li>1. Evidence-Based Policy Design: NISED proposes a robust system of continuous monitoring, evaluation, and learning. This will allow us to design targeted and sector-specific interventions that address MSMEs' unique challenges at every stage of their lifecycle.</li> <li>2. Integrated and Tailored Support: The strategy shifts us to tailored support packages that meet the diverse needs of different enterprises—including informal businesses and cooperatives. We will also focus on empowering underserved groups, including women, youth, and rural enterprises, ensuring no one is left behind.</li> <li>3. Improved Coordination and Partnerships: Coordination is critical. By fostering stronger partnerships across government, the private sector, and civil society, we can eliminate duplication and align resources. This will ensure that all initiatives are streamlined under a unified national framework.</li> <li>4. Game-Changer Programmes: NISED envisions transformative "game-changer" initiatives—revamped incubation programmes, accessible MSME financing, and digital economy projects. These will be developed with stakeholders to ensure they meet real needs and deliver real impact.</li> <li>5. Regulatory Reforms: Finally, we will simplify compliance processes and reduce administrative burdens. Adopting the "Think Small First" principle will ensure that MSME needs are prioritised in every policy decision.</li> </ol> |

| No. | Matters raised by the Portfolio Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Department's response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <p>To implement the NISED recommendations, below is the highlight of progress made in the respective areas:</p> <ol style="list-style-type: none"> <li>1. The National Small Enterprises Amendment Act of 2004 was signed into law, bringing several changes. Key amongst these is establishing a single entity, the Small Enterprise Development and Finance Agency, which will eliminate duplication and ensure a more significant impact on our programmes.</li> <li>2. The Department is developing the Incubation and Business Development Services (IBDS) Policy Framework. The policy framework aims to provide sector-focused, lifecycle-appropriate support and foster equitable access, particularly for underserved groups such as women, youth, and persons with disabilities.</li> <li>3. The Cabinet has also approved the MSME &amp; Cooperatives Funding Policy, which aims to enhance access to financial resources and support for micro, small, and medium enterprises (MSMEs) and cooperatives to drive sustainable growth, job creation, and economic inclusivity.</li> <li>4. In the current financial year, the Department is reviewing three critical programmes: the Township and Rural Entrepreneurship Programme, the Shared Economic Infrastructure Facility, and the Asset Assist Programme. These programme reviews are aimed at ensuring that the programmes respond to the MSME needs; this will be based on implementation reviews and lessons learnt from the programme implementation.</li> </ol> <p>By adopting the above-mentioned strategies and more, the Department and its entity are in a position to better align products and services offerings to the target market, and to achieve more effective and sustainable development outcomes.</p> |
| 9   | <p>In its report to the Committee, the AG notes that one of the foremost challenges facing the portfolio is the poor-quality performance indicators and targets. Several instances were noted of indicators that do not meet the usefulness criteria. This is particularly the case and in fact concerning in cases where the Department and agencies outsource training of say 20 000 beneficiaries to a service provider or consultant and count this as having met the target – without linking the training with key metrics i.e. growth in sales, revenues or profits etc.</p> | <p>SEDFA appoints Training Service Providers to augment the internal capacity of our Training Specialists. Training materials are provided to these Service Providers to standardise SEDFA's training offerings.</p> <p>All clients are subjected to an assessment using one of the entity's Business Diagnostic Tools in order to establish and prioritise a client's business needs. Interventions such as training are subsequently done based on the outcome of the assessment conducted. An Improvement/ Impact Assessments (IA) is conducted within six months after completion of an intervention. Due to capacity constraints not all training interventions, especially short courses, are subjected to IAs which are conducted by SEDFA's Business Advisors.</p> <p>Going forward, SEDFA will look at modalities to implement such metrics for these training interventions.</p> <p>Key Performance Indicators (KPIs) have been enhanced to focus on impact as an outcome. Most importantly amongst these impactful KPIs are jobs created, turnover increase and businesses supported with meaningful Business Development Services.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

| No.             | Matters raised by the Portfolio Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Department's response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |          |                                                                               |              |              |            |             |                 |             |                 |             |                |              |         |             |            |             |            |             |               |             |              |              |              |                     |                                                                                                                                                                                                |
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| 10              | <p>Pursuant to 7.9 above, the Committee has in the past lamented the deliberate obfuscation of targets e.g. SMMEs and co-operatives instead of separating the two, financially and non-financially as well as enterprises located in townships and rural communities. The Committee's objection to this is on record. The Department and entities deliver some of its services through the third parties. This reporting methodology conceals the fact that there is limited financial assistance reaching targeted beneficiaries compared to consultants or service providers.</p> <p>There is also very little assistance directed at rural enterprises compared to township enterprises, as well as financial assistance to cooperatives as opposed to SMMEs. It is crucial for the Committee to have access to this information when evaluating the Department's and entities' performance so that it can approve the Departments and entities knowing exactly where and how funds are allocated and spent.</p> | <p>The Department takes note of the Committee's recommendation and will address the matter during the strategic planning processes for the 2025/26 financial year. This process will aim to clarify the issues raised by the committee in an attempt to make the oversight role of the committee easier.</p> <p>The Department's entity, SEDFA, also acknowledges the request to distinguish between SMME and Cooperatives. However, it is worth noting that the entity has put the following measures in place:</p> <ol style="list-style-type: none"><li>1. Distinguishing between MSMEs and Co-operatives by setting targets for Cooperatives, e.g. Co-operatives Development Support Programme (CDSP).</li><li>2. Through the Co-operatives Development Support Programme, the entity under the Pre-investment support assisted 93 co-operatives with machinery, implements, stock and other needs to the values of R73 million during 2023/24 financial year. Furthermore during 2024/25 financial year, the plan was to support the 40 co-operatives with equipment, machinery, and stock to the value of R 62 million. As of 31 December 2024, 43 Co-operatives have been supported.</li></ol> |          |                                                                               |              |              |            |             |                 |             |                 |             |                |              |         |             |            |             |            |             |               |             |              |              |              |                     |                                                                                                                                                                                                |
| 11              | With respect to disaggregating expenditure per province, district, and local government, it is only Sefa that has begun complying with the directive of the Committee. But once more, this breakdown of how resources get distributed to the provinces, presents a negative image and in the process, demonstrates how isolated other provinces are. Sefa's R23 and R30 million funding allocations in the Northern Cape and Free State, respectively, are negligible and call for a paradigm change in the way resources are allocated equitably amongst the provinces                                                                                                                                                                                                                                                                                                                                                                                                                                             | <table><tr><th>Province</th><th>Targeted Disbursements via Direct Lending channel<br/>– 2024/25 financial year</th></tr><tr><td>Eastern Cape</td><td>R124 330 921</td></tr><tr><td>Free State</td><td>R74 598 553</td></tr><tr><td>Gauteng (North)</td><td>R99 464 737</td></tr><tr><td>Gauteng (South)</td><td>R99 464 737</td></tr><tr><td>Kwa-Zulu Natal</td><td>R124 330 921</td></tr><tr><td>Limpopo</td><td>R74 598 553</td></tr><tr><td>Mpumalanga</td><td>R74 598 553</td></tr><tr><td>North West</td><td>R74 598 553</td></tr><tr><td>Northern Cape</td><td>R74 598 553</td></tr><tr><td>Western Cape</td><td>R124 330 921</td></tr><tr><td><b>Total</b></td><td><b>R944 915 000</b></td></tr></table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Province | Targeted Disbursements via Direct Lending channel<br>– 2024/25 financial year | Eastern Cape | R124 330 921 | Free State | R74 598 553 | Gauteng (North) | R99 464 737 | Gauteng (South) | R99 464 737 | Kwa-Zulu Natal | R124 330 921 | Limpopo | R74 598 553 | Mpumalanga | R74 598 553 | North West | R74 598 553 | Northern Cape | R74 598 553 | Western Cape | R124 330 921 | <b>Total</b> | <b>R944 915 000</b> | <p>The targets are aligned to the demand for SEDFA requests in the provinces. This alignment should address the committee's concerns with regards to the Northern Cape and the Free State.</p> |
| Province        | Targeted Disbursements via Direct Lending channel<br>– 2024/25 financial year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |          |                                                                               |              |              |            |             |                 |             |                 |             |                |              |         |             |            |             |            |             |               |             |              |              |              |                     |                                                                                                                                                                                                |
| Eastern Cape    | R124 330 921                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |          |                                                                               |              |              |            |             |                 |             |                 |             |                |              |         |             |            |             |            |             |               |             |              |              |              |                     |                                                                                                                                                                                                |
| Free State      | R74 598 553                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |          |                                                                               |              |              |            |             |                 |             |                 |             |                |              |         |             |            |             |            |             |               |             |              |              |              |                     |                                                                                                                                                                                                |
| Gauteng (North) | R99 464 737                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |          |                                                                               |              |              |            |             |                 |             |                 |             |                |              |         |             |            |             |            |             |               |             |              |              |              |                     |                                                                                                                                                                                                |
| Gauteng (South) | R99 464 737                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |          |                                                                               |              |              |            |             |                 |             |                 |             |                |              |         |             |            |             |            |             |               |             |              |              |              |                     |                                                                                                                                                                                                |
| Kwa-Zulu Natal  | R124 330 921                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |          |                                                                               |              |              |            |             |                 |             |                 |             |                |              |         |             |            |             |            |             |               |             |              |              |              |                     |                                                                                                                                                                                                |
| Limpopo         | R74 598 553                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |          |                                                                               |              |              |            |             |                 |             |                 |             |                |              |         |             |            |             |            |             |               |             |              |              |              |                     |                                                                                                                                                                                                |
| Mpumalanga      | R74 598 553                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |          |                                                                               |              |              |            |             |                 |             |                 |             |                |              |         |             |            |             |            |             |               |             |              |              |              |                     |                                                                                                                                                                                                |
| North West      | R74 598 553                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |          |                                                                               |              |              |            |             |                 |             |                 |             |                |              |         |             |            |             |            |             |               |             |              |              |              |                     |                                                                                                                                                                                                |
| Northern Cape   | R74 598 553                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |          |                                                                               |              |              |            |             |                 |             |                 |             |                |              |         |             |            |             |            |             |               |             |              |              |              |                     |                                                                                                                                                                                                |
| Western Cape    | R124 330 921                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |          |                                                                               |              |              |            |             |                 |             |                 |             |                |              |         |             |            |             |            |             |               |             |              |              |              |                     |                                                                                                                                                                                                |
| <b>Total</b>    | <b>R944 915 000</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |          |                                                                               |              |              |            |             |                 |             |                 |             |                |              |         |             |            |             |            |             |               |             |              |              |              |                     |                                                                                                                                                                                                |

| No. | Matters raised by the Portfolio Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Department's response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
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| 12  | The Committee is noting inconsistencies in terms of what is being reported in the statutory documents i.e. annual report, and what it found on the ground in Northern Cape. For example, part of the Committee oversight visit included inspections to clients whom on paper are recorded as CSP beneficiaries. Yet due to challenges at NCEDA, specifically the agency's failure to appoint the consultant or service provider to train the identified beneficiary, the CSP assistance in the form of training was therefore not extended to that particular beneficiary. This information is not reported nor disclosed in the annual report. Instead, only TIKZN and FDC are referenced as having challenges that led to programme two and three not fully achieving their targets.                                                                                                           | <p>We acknowledge the Committee's concerns and commit to:</p> <ol style="list-style-type: none"> <li>1. Improving the accuracy and transparency of our reporting. We will ensure that future annual reports provide a more comprehensive and accurate account of all challenges encountered during programme implementation, including those specific to individual agencies like NCEDA.</li> <li>2. Strengthening internal monitoring and evaluation mechanisms. This will enable us to identify and address challenges proactively, minimise disruptions to beneficiary support, and improve the overall effectiveness of the Craft CSP.</li> <li>3. Conducting a thorough review of the NCEDA case. We will investigate the specific circumstances surrounding the failure to appoint the training provider and take appropriate corrective action to ensure similar situations are avoided in the future.</li> <li>4. Engaging with NCEDA to address their capacity constraints: We will work closely with NCEDA to identify and address any capacity gaps that may be hindering their effective participation in the CSP.</li> </ol> <p>The Department is committed to working collaboratively to improve the effectiveness of the Craft CSP and ensure that all beneficiaries receive the necessary support to succeed.</p> |
| 13  | The development in the Northern Cape raises questions about the Department's benefit from establishing memorandum of understanding (MoU) with Provincial Investment and Promotion Agencies. It is unclear what sort of services PIPAs provide that cannot be done in-house or through SEDFA. The Committee was informed that the CSP beneficiary could not receive the targeted intervention, which was training, since NCEDA was unable to assign a consultant to conduct the training. As part of this collaboration, NCEDA procure a consultant to train the beneficiary or beneficiaries after receiving funding from the Department. Again, the structure or design of the DSBD programmes is problematic because programmes two and three are also impacted if PIPAs do not work as intended. The overall performance and budget of the Department will significantly be impacted by this. | <p>The Department will conduct a review of all existing MoUs with Provincial Investment and Promotion Agencies (PIPAs), focusing on:</p> <ol style="list-style-type: none"> <li>1. Ensuring that each MoU outlines specific, measurable, achievable, relevant, and time-bound objectives and key performance indicators.</li> <li>2. Clearly identifying and delineating the core competencies and value-added services offered by PIPAs that complement and enhance the Department's existing capabilities.</li> <li>3. Conducting a cost-benefit analysis to assess the efficiency and effectiveness of PIPA collaborations compared to alternative service delivery models, be it in-house and/or external.</li> <li>4. Enhancing our monitoring and evaluation frameworks to track the performance of PIPAs, identify any areas for improvement, and ensure accountability for the delivery of agreed-upon services.</li> <li>5. Exploring opportunities to streamline service delivery by leveraging existing government resources and minimising unnecessary duplication of efforts.</li> </ol>                                                                                                                                                                                                                             |

| No. | Matters raised by the Portfolio Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Department's response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
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| 14  | The Committee is noting the lingering challenge of red tape or ease of doing, that in its view, continues to hinder the growth of small businesses in the country, with little effort being done to address its impact. In the past, the Committee gave platform to the Department to present the Regulatory Reform Implementation Plan. This target is recorded in the annual report as having been achieved. But there is still uncertainty on the part of the Committee as to how does this plan help SMMEs, cooperatives, informal and street traders, whackers and spaza shop owners overcome regulatory challenges. The literature on red tape identifies national sphere of government as the most serial offender when it comes to red tape and ease of doing business. The universal description of the terms itself as the "rules, regulations, and/or bureaucratic procedures and processes that are excessively complex and which impose unnecessary delay(s), inaction and/or costs that exceed their benefits, and/or is no longer effective in achieving the purpose for which they were originally created" implies that the focus of the Department should be directed to the national sphere of government where regulations, licenses, compliance standards and administrative procedures to name the few are issued. | The Regulatory Implementation Plan is a document that focuses on legislation which has sections, or conditions that are having a negative impact on MSME development. The Department prepared the Plan based on intensive consultations with stakeholders in the ecosystem, including custodians of the legislations that were identified through this exercise. As the Plan speaks to matters of regulatory reform and administrative efficiencies, it is the Department's intention to engage with all government departments and entities, which cut across all three spheres of government to adopt the plan and commit to addressing the issues identified in the Plan. Once the Plan has been adopted at the level of MinMec and the Government Clusters, the Plan will be shared with the relevant departments and the DSBD will produce a report on an annual basis to report on progress made in addressing the impediments identified in the Plan.        |
| 15  | The Committee is observing that some documents or plans are reserved for approval by the Minister while others are reserved for the Executive Committee. For example, under programme four it is reported that the target was achieved because the "Regulatory Reform Implementation Plan was developed and submitted to the Minister for approval." Although the Minister's approval is uncertain, but the target is recorded as having been achieved.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p>The Department Management, before tabling its APP, ensures that all targets have a clear unit of measure in order to be measurable and adequate review of the draft planning documents is done to ensure adherence to the Revised Framework for strategic plans and annual performance plans and their guidelines.</p> <p>Concerning some documents or plans that are reserved for approval by the Minister while others are reserved for the Executive Committee, it should be noted that all the documents or plans go through DSBD Executive Committee (EXCO) because the APP must be within Departmental control, as, mandated by the planning and reporting prescripts. However, there are certain targets that require Minister's approval, including the Regulatory Reform Implementation Plan, also as mandated by the necessary prescripts governing their area of work, hence this differentiation is made in the Department's planning documents.</p> |
| 16  | Furthermore, other target descriptions are ambiguous to genuinely assess the performance of the Department and entities. For example, there is no clear distinction between the Regulatory Reform Implementation Plan and Red-Tape Reduction Action Plan and why other documents e.g. Sector-focused and Hybrid Incubation and Digital Hub Support Strategy, National Entrepreneurship strategy, Township Economy Revitalisation Policy implementation plan, Reports on the SMMEs who participated in the SMME incubation programme and digital Hub programme are approved by EXCO. The AG has flagged this and many other areas—the SMARTness of indicators—for serious scrutiny by the Committee.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <p>The Department complies with all the relevant requirements for developing the Annual Performance Plan, which amongst others include:</p> <p>Chapter 3.2 of Framework for Managing Programme Performance Information states that:</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

| No. | Matters raised by the Portfolio Committee | Department's response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
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|     |                                           | <p>"A good performance indicator should be:</p> <ul style="list-style-type: none"><li>• <i>Reliable: the indicator should be accurate enough for its intended use and respond to changes in the level of performance.</i></li><li>• <i>Well-defined: the indicator needs to have a clear, unambiguous definition so that data will be collected consistently, and be easy to understand and use.</i></li><li>• <i>Verifiable: it must be possible to validate the processes and systems that produce the indicator</i></li><li>• <i>Cost-effective: the usefulness of the indicator must justify the cost of collecting the data.</i></li><li>• <i>Appropriate: the indicator must avoid unintended consequences and encourage service delivery improvements and not give managers incentives to carry out activities simply to meet a particular target.</i></li><li>• <i>Relevant: the indicator must relate logically and directly to an aspect of the institution's mandate, and the realisation of strategic goals and objectives."</i></li></ul> <p>Chapter 3.3 of Framework for Managing Programme Performance Information states that:</p> <p>"A useful set of criteria for selecting performance targets is the "SMART" criteria:</p> <ul style="list-style-type: none"><li>• <i>Specific: the nature and the required level of performance can be clearly identified</i></li><li>• <i>Measurable: the required performance can be measured</i></li><li>• <i>Achievable: the target is realistic given existing capacity</i></li><li>• <i>Relevant: the required performance is linked to the achievement of a goal</i></li><li>• <i>Time-bound: the time period or deadline for delivery is specified."</i></li></ul> <p>Paragraph 4.2.5.5 of the Revised Framework for strategic plans and annual performance plans (R-FSAPP) states that <i>"targets are informed by baselines which reflect the current level of performance. Annual targets over the medium- term and quarterly targets for the planning year must be provided for output indicators. For both quantitative and qualitative output indicators, there must a logical connection between indicators and targets."</i></p> <p>The above requirements are verified by the AGSA before the DSBD Draft APPs are tabled in Parliament every year, including 2024/25 financial year. The AGSA conducts a review and audit procedure on the Departmental draft APPs before they are tabled in Parliament. Any matters picked up by AGSA are attended to before tabling in Parliament. This means that the Department has put in place a mechanism of ensuring that the APPs and Strategic Plans tabled by the Department in Parliament are free of such statements, i.e., APP containing targets / indicators that do not meet the SMART criteria.</p> |

| No. | Matters raised by the Portfolio Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Department's response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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| 17  | <p>On Sefa/SEDFA, a matter that is currently on the table for finalisation before the conclusion of the Strategic Plan (2025 – 2029) and Annual Performance Plan (2025 – 2026) is that of implementing North West oversight recommendations especially proposed amendments to the guidelines that governs MFIs and RFIs. The Committee reports that it has not yet received or shown the updated policy guideline that incorporates its many suggestions concerning the MFIs and RFIs. The Committee is cautioning the Department and SEDFA that failure to execute its recommendations might unnecessarily delay approval of the SEDFA strategic plan (2025 – 2030) and the corresponding annual performance plans and budgets (2024 – 2025).</p>                                                                                       | <p>SEDFA engaged with the National Credit Regulator (NCR), and they reported that there are 145 development credit providers registered.</p> <p>While the Micro-Finance Intermediaries (MFIs) are charging NCR approved interest rates, there is a need to review the impact to the end beneficiaries. SEDFA has therefore appointed a Knowledge Partner to advise on the best pricing to end-users, the sustainability issues, and the general impact in the sector.</p> <p>Key to the above is the sustainability of the MFIs given that they play a critical role in funding rural businesses especially Women owned. The MFI's utilises donor funding (grants) to subsidise their operations and the concept of lower interest rates cannot be viewed in isolation. However, the study will detail the various subsidy options in exchange for lower interest rates. More than 90% of the loans granted by the MFIs to beneficiaries are below R5 000 over 4 months.</p> <p>SEDFA has appointed Knowledge Partner as a service provider to undertake comparative research regarding the cost drivers that make up interest rate charges in microfinance institutions. The research project is currently in the benchmarking phase i.e., benchmarking similar institutional costs and the report will be ready by June 2025.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 18  | <p>In addition, there is a level of apprehension that the value proposition of the MFIs and RFIs, in the era of financial technology (FinTech), is failing to resonate with the Committee. The Committee observation is that the use of intermediaries is tantamount to outsourcing more especially if their value add cannot be determined. Sefa disbursed more than R760 million to MFIs and RFIs (to fewer than six enterprises) during the period under review. For the sectors like agriculture, where experts in the field are needed to evaluate applications, the Committee is not opposed to SEDFA partnering or appointing adjudicators from the relevant Development Finance Institutions like Land Bank, IDC or even commercial banks etc to assist with evaluation of applications relevant for that particular sector.</p> | <p>Most disbursements to end users in the case of microfinance have been through two intermediaries. This dependence over the last 3 years have gradually reduced with the emergence of new Black owned intermediaries, who are beginning to come back for second and larger facilities from SEDFA. The intermediaries are also making extensive use of Fintech, and are at the cutting edge of deploying digital and mobile technology to automate and standardise transactions. In the case of the Grameen group based technology to overcome the information gap between the transactions in the field and the central data base.</p> <p>Between April 2020 and December 2024, the value of facilities approved to Microfinance Intermediaries was R506 million and the value of disbursements were in excess of R2 billion. This is a leverage of over four times at a fraction of what the cost would have been if SEDFA were to attempt to provide direct finance to over 445 000 small enterprises in deep rural areas.</p> <p>The intermediary model is an impactful model in the market used by most Development Finance Institutions (DFIs). The IDC uses it for their SME development, Treasury through the Jobs Fund has been implementing using Retail Financial Intermediary (RFI) and has created in excess of 260 000 jobs and creating and sustaining over 20 000 SMEs through this model. The Monyetla model implemented by Letsema through the then Department of Trade and Industry and National Treasury funding created thousands of jobs. "Harambee has grown into a major force in job creation, having been established in this manner.</p> <p>It is critical to recognise the RFI expertise and capacity of RFIs to enable SME growth and sustainability on a wider reach. Capacity to implement and sustainability are key criteria of assessing lending deals. Capacity to implement also delves into assessment of the RFI to collect from SMEs, the model's enabling capacity to repay and the RFI's capacity to repay. This is critical for the improvement of Wholesale Lending (WL) book performance.</p> |

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| 19  | <p>The Committee is quite concerned about Sefa turnaround times in considering and approving applications. Sefa stated that its turnaround time for direct lending was 88 days, or about three months, as opposed to the target of 30 days or one month. As a result, the programme scored 30%. On wholesale lending, Sefa reported that the turnaround time of 131 days (approximately four and half months) against a target of 50 days (one and half months). The entity achieved 38% of its target. As AG noted in the deliberations with the Committee, Sefa achieved only 30% of its targets for 2023 - 24 financial year while spending 88% of the budget allocated. Township and Rural Entrepreneurship Programme (TREP) allocation from DSBD was reduced from R1.2 billion to R679.5 million as part of the Adjusted Estimates of National Expenditure (AENE) process. There was a virement of R500 million from Sefa to Seda.</p> | <p>In WL RFI rate of pass on to the SME must always be below the commercial rate in the sector/ sub sector. That is the additionality we seek to enhance. WL has started to consult with Subject Matter Experts in deals that are deemed complex and require expert input and knowledge. The team also has agriculture experts that pierce through technical aspects of agriculture application.</p> <p>Turnaround time for wholesale micro finance was severely impacted on by the moratoriums on the employment of staff which impacted both on Microfinance wholesale and the support functions such as legal services, financial analysts, and Credit. It is hoped that the merger will assist to address these difficulties.</p> <p>With the reprioritisation of funds, the Department has spread its available funding over several key programmes listed above. This maximises the potential of the Department to utilise these resources effectively as opposed to putting all its eggs in the TREP basket.</p> <p>Reprioritisation Focus:</p> <ol style="list-style-type: none"> <li>1. The Asset Assist Programme</li> <li>2. The General Dealers/Spaza Shop Programme</li> <li>3. The Product Markets Programme</li> <li>4. Energy Intervention</li> <li>5. The Informal Micro Enterprise Development Programme (IMEDP).</li> </ol> <p>This reprioritisation to other critical areas of need will ensure holistic coverage of key sectors that impact development of township and rural economies in terms of our strategic focus on revitalisation of these constituencies. Additionally, majority of the applicants that approach SEDFA fall within the Asset Assist, a 100% grant programme, with a maximum threshold of R250 000 and generally do not qualify for debt funding from various financial institutions due to these following reasons amongst others:</p> <ol style="list-style-type: none"> <li>1. Most of the businesses to be served are at start-up or early-stage phase and are not generating sufficient revenue to afford debt;</li> <li>2. The applicants are still very small and often have low-capacity volume equipment that if funded through debt is difficult to afford the debt given the low revenue at the early life stage of the business;</li> <li>3. The market/off takers generally require proof of products or samples before committing to offer long-term contracts to Applicants;</li> <li>4. The Applicants products and brands are generally still unknown to the market, which makes it difficult to sell them, especially during the start-up phase of the business; or</li> <li>5. The business may be highly indebted due to initial capital borrowing, which makes it difficult to raise further debt.</li> </ol> <p>As a result, the reprioritisation of funds towards the Asset Assist programme, which is a 100% grant programme, was a critical intervention.</p> |

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| 20  | <p>On Seda/SEDFA, the Committee is pleased that Seda met and exceeded all its 24 indicators, which equates to 100% performance achievement even though it could not spend all its budget. It recorded an underspending of 19% of the entire budget of R1,5 billion.</p> <p>The Committee has noted all the AGs concerns including poor performance of incubators which the AG attributed to "lack of Seda representation on the board of directors). In its oversight to Northern Cape the Committee learnt, albeit with surprise, that this directive is already being implemented in two of the incubators it visited</p> | <p>The SEDFA officials are appointed to sit on the Boards of the incubators to perform the observer role, in ensuring that the interests of SEDFA are taken care of. The appointment is done as part of employment at SEDFA; thus, no Board fees are paid by the Incubators to the SEDFA officials.</p> <p>Furthermore, in ensuring proper oversight, SEDFA has dedicated Project Specialists who are in charge of monitoring and evaluation of these incubators. Part of their tasks include conducting site visits to the incubators and compiling site visit reports. These reports form part of the organisational reporting into the performance of the Incubators.</p> <p>Lastly, the Incubators themselves have their own appointed independent non-executive directors who serve to provide oversight and accountability. These are independent board members who are appointed by the Incubator with a clearly defined set of skills and are paid board fees by the incubator.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 21  | <p>The AG's main message to the Committee is that it should monitor the implementation of procedures and provide strategic oversight to guarantee that financial statements and performance indicators are backed by accurate and credible information. It should also keep an eye on the appointment of suitable candidates and make sure that action plans are carried out timeously and effectively. The Committee will review quarterly reports of the Department and entities to track progress.</p>                                                                                                                   | <p>The financial statements of the Department are prepared using the Modified Cash Standards as a basis for accounting and in accordance with the National Treasury determined framework as prescribed in the PFMA, Treasury Regulations and relevant guidelines specified / issued by the National Treasury. The source of information is the Basic Accounting System (BAS), and the supporting evidence is reviewed to ensure that the information disclosed is backed by accurate and credible supporting documents.</p> <p>Regarding the performance indicators backed by accurate and credible information, the Department exercises oversight responsibility regarding performance reporting and compliance as well as related internal controls. The Department also ensures that indicators and targets included in the draft APP, together with their Technical Indicator Descriptions (TIDs), are well-defined, measurable, and verifiable. These will be simplified by continuing to implement the Departmental Strategic Planning and Reporting Framework, which is aligned to the Government-Wide Performance Information prescripts.</p> <p>The Department accelerated the filling of vacant funded positions by implementing a recruitment plan, successfully reducing the vacancy rate by 5%, despite experiencing a steady attrition rate of approximately 1.2 persons per month.</p> <p>During the reporting period (2024/04/01 – 2024/12/31 / Q1 – Q3 of 2024/25 financial year) the Department managed to appoint 86 employees.</p> |

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| 22  | As the Medium-Term Development Plan nearing completion, and the Departments and entities prepare their five-year strategic plans and annual performance plans, the Committee will from now on closely monitor the key performance indicators. The Committee will interrogate their level of SMARTness, quality, and the extent of impactfulness. The Department and agencies assistance to the sector will be gauged in terms of jobs created (not only sustained or facilitated), improved sales, revenues and profits in the case of training and other capacity building interventions, improved Gini coefficient in tackling issues of inequality and to keep track of poverty lines to the beneficiary households. The Department and entities should henceforth, fully understand the circumstances of each beneficiary. All approvals should include Global Positioning Coordinates (GPS) for ease of inspections and verifications. | <p>The Department has reviewed the tool used to onboard enterprises that required support from the Department and its agency. The tool captures baseline information of the enterprises so that once support is rendered, the Department is able to make an assessment over a time horizon if any developmental impacts were realised as a direct result of the Departmental interventions rendered</p> <p>Critical performance indicators which will be monitored closely will be the collection rate on loans, portfolio at risk, growth in revenues of funded businesses, the level of loan book impairments and the impact of business support interventions. Close monitoring of these performance indicators serves as an important measure of SEDFA's sustainability in achieving its mandate. Through the provision of business support interventions, this will ensure their growth, sustainability, maintaining jobs already created and creating further jobs into the economy.</p> <p>Additional information addressing this recommendation / observation is also found in the Department's response to No. 7.7 and 7.16 above.</p> |
| 23  | The filling of vacant funded posts should be expedited and finalised before 31 March 2025. If this target is not achieved, the Committee reserves its right not to approve the strategic and annual performance plans of the Department.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <p>The Department accelerated the filling of vacant funded positions by implementing a recruitment plan, successfully reducing the vacancy rate by 5%, despite experiencing a steady attrition rate of approximately 1.2 persons per month.</p> <p>During the reporting period (2024/04/01 – 2024/12/31 or Q1 – Q3 of 2024/25 financial year) the Department managed to appoint 86 employees.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 24  | The AG's concern about the lack of consequent management that has not yet been decided because of internal investigations is being noted by the Committee. The AG asserts that the Acting Director General started the investigation on 4 January 2024, and it was still ongoing at the end of the financial year under review. The Director General is being urged by the Committee to take corrective action and provide input to the Committee in the upcoming quarterly report on 27 November 2024.                                                                                                                                                                                                                                                                                                                                                                                                                                     | DSBD endeavours to ensure timely conclusion of matters identified as irregular expenditure. Both matters were finalised in terms of determination by Internal Audit. The commitment was provided by Management to align the commencement of services in terms of procurement contract between appointment letters and service level agreement. This matter has been resolved.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 25  | The Department should reconsider its association with PIPAs. Seda's national footprints is far much wider than PIPAs which are located in provincial headquarters. Unless there are strong grounds to maintain this partnership, all activities or interventions earmarked for delivery through PIPAs should be transferred to SEDFA before 31 March 2025.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p>Partnerships with provincial development agencies remain a key priority for SEDFA. These partnerships have added value especially with regards to co-funding arrangements which comprise of both cash and in-kind services. For example, our partnership with the Eastern Cape Rural Development Agency (ECRDA), SEDFA contributed R50 million and ECRDA R25 million and this pool is helping MSMEs in the Eastern Cape to access financial and non-financial support. In addition, ECRDA assists with pre-investment support such training, application packaging, and post-investment support.</p> <p>Additional information on PIPAs is also provided in the response to No. 7.13 above.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                              |

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| 26  | The Minister has, for reasons not known to the Committee, deferred the appointment of the Advisory Board, as was mentioned in the last BRRR report. A schedule for the start and completion of this process should be included in the upcoming quarterly report                                                                                                                                                                                                                                                                                                                                                                                                                      | <p>The Cabinet approved the constitution for the Advisory Body on 21 August 2024, and it was proclaimed in government gazette no 51507 as notice 5515 on 5 November 2024. The draft call for nominations has been prepared and is routed to the Minister for consideration.</p> <p>Proposed time frames:</p> <ol style="list-style-type: none"> <li>1. Submission requesting permission to proceed with a call for nominations routed in December 2024</li> <li>2. Selection March/April 2025</li> <li>3. Appointments May 2025.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 27  | The SMME and Co-operatives Funding Policy is the MTSF target. It has been mentioned in all five successive annual performance plans without any major success. It is highly unlikely that it will be achieved before 31 March 2025. In its next quarterly report, the Department must brief the Committee on the steps it plans to take, specifically corrective action and consequent management against those who were trusted with this responsibility.                                                                                                                                                                                                                           | <p>The SMME and Co-operatives Funding Policy was approved by Cabinet on 18 September 2024.</p> <ul style="list-style-type: none"> <li>• The MSMEs and Co-operatives Funding Policy was approved for implementation by the Cabinet in September 2024 ahead of the planned annual target date of 31 March 2025.</li> <li>• The policy was subject to language editing and graphic design and will be published in the government gazette on or before 28 February 2025.</li> </ul> <p>Policy Implementation:</p> <ul style="list-style-type: none"> <li>• The Department has conceptualised the Fund of Funds to alleviate market failure and credit market inefficiencies preventing MSMEs from accessing developmental credit. The DSBD is collaborating with the DTIC to consolidate the Fund of Funds and Transformation Fund due to their similarities, including their target market.</li> </ul> <p>DSBD and the International Finance Corporation (World Bank) are collaborating to implement the Movable Assets Collateral Registry (MACR). A multi-stakeholder Steering Committee was established to oversee the implementation of the MACR. Three sub-committees (Collateral Registry System, Legal and Awareness creation, and sensitisation) were established to assist the Steering Committee in discharging its duties.</p> |
| 28  | In order for the Committee to effectively discharge its responsibility of monitoring the Departmental programmes, it would like to be provided with a list of 345 cooperatives that receive financial and/or non-financial support before the end of Q3 of the current financial year.                                                                                                                                                                                                                                                                                                                                                                                               | Disbursements to co-operatives under the Co-operatives Development Support Programme is underway and a list of beneficiaries is attached to this response (Annexure A).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 29  | <p>To arrest further decline in audit findings of the agencies, the Department must move quickly to monitor and assist agencies to implement Auditor General recommendations.</p> <p>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. The Executive Authority should hold the Board of Director accountable for poor performance of the entities. Sefa's 30% achievement of its targets should be clarified to the Committee in its next quarterly reporting on 27 November 2024.</p> | <p>For SEDFA (sefa), the material correction that was posted (necessary to ensure fair presentation of the annual financial statements) related to a technical recognition matter on cash and cash equivalents as well as the related corresponding liability of cash held on behalf of a third parties. This recognition matter was raised by the external auditors during the audit period. This was a very technical item, and the resulting corrections were not because of management not adhering to IRFS requirements. sefa had initially recognised the cash held on behalf of third parties and a corresponding liability as per the technical accounting opinion that was obtained in 2020. The external auditors did not agree with the recognition of this technical opinion and after considering the inputs made by the external auditors and the shareholder, management made the decision to post the correction.</p>                                                                                                                                                                                                                                                                                                                                                                                                   |

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|     |                                                                                                                                                                                                                                                                                                                                                                                                                           | <p>SEDFA (Seda) implemented a monitoring and evaluation component over quarterly reports and has appointed someone to take care of this within the strategy and organisational performance management unit. Furthermore, all the audit findings have been shared and 95% of these audit findings have been concluded. The remaining audit findings are being addressed through updating the Incubation MoA as well as updating Standard Operating Procedures (SOPs) within the Seda Technology Programme. The anticipated completion date is 31 March 2025. Every Quarter SEDFA (Seda) does M&amp;E and all reports that are presented go through rigorous M&amp;E processes.</p> <p>The Department receives quarterly reports from the SEDFA (Seda and sefa), which are inclusive of audit action plans. These reports are critically reviewed and considered at the Portfolio Governance Forum, chaired by the Accounting Officer of the Department. This forum enables the Department to monitor the implementation of recommendations made by the AGSA and external auditors.</p> <p>Further, the Department continuously reviews the means of verifying the SEDFA reported performance information, which is also incorporated into the Department's quarterly performance reports.</p> <p>In responding to sefa's 30% achievement of its targets:</p> <p>During 2023/24 financial year, 55% of the measurement indicators achieved 100% and above; 29% achieved between 75% and 99%; and 16% achieved below 75%.</p> <p>In Q1 of 2024/25 financial year, sefa achieved 58.33% (i.e., the measurement indicators that scored 100% and above; 8.33% (between 75% and 99%); and 33.33% (below 75%).</p> <p>In Q2 of 2024/25 financial year, sefa achieved 56% (i.e., the measurement indicators that scored 100% and above; 22% (between 75% and 99%); and 22% (below 75%).</p> <p>In Q3 of 2024/25 financial year, SEDFA achieved 65% (i.e., the measurement indicators that scored 100% and above; 7% (between 75% and 99%); and 28% (below 75%).</p> |
| 30  | Sefa should consider disposing of its property portfolio and focus on its mandate of increasing access to finance for SMMEs and cooperatives. Access to affordable office space and business premises is a challenge for many young and aspiring entrepreneurs. These properties could be given to the Department of Public Works for renovations before being leased back to cooperatives and SMMEs for a nominal charge | <p>Non-performing properties are in the process of being disposed of. Proceeds and savings from the disposals will be reinvested in the capital expenditure programs of refurbishing the properties.</p> <p>There are currently partnerships with government and provincial agencies that assist the portfolio with refurbishments and renovations of the properties to bring the properties to a lettable state and ensuring that local MSMEs are accommodated in the properties at reasonable below market rentals.</p> <p>The remaining properties will be repurposed to accommodate MSMEs at affordable rentals and forming part of the greater MSME ecosystem whereby small business can leverage off affordable rentals within SEDFA's wider range of services offered.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

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| 31  | <p>The relationship between Sefa and ABSA, through Khula Credit Guarantee (KCG), needs further cementing. For a long time, the Committee has maintained that Sefa lacks sufficient reserves to support the millions of SMMEs who require funding. However, Sefa can derisk thousands of SMME in order to make them eligible for loans from commercial banks through instruments like loan or credit guarantee schemes. De-risking a start-up is what new entrepreneurs need to launch a successful business right off the ground. Moreover, it helps them get closer to getting start-up funding. With over 90% of start-ups failing in a few years after their launch, de-risking is something that can help lower this percentage. The Committee supports this programme and wish to see other banks actively participating in the programme.</p> | <p>The Portfolio Credit Guarantee facility which Khula Credit Guarantee (KCG) has built with ABSA is one of the best utilised facilities in the market and it is still growing at an exponential rate. In 2023/24 financial year, KCG provided a credit guarantee facility to ABSA to the tune of R293.4 million with 125 MSMEs funded, which created 3175 jobs. This is all at the back of the portfolio guarantee provided by KCG. The performance of ABSA is largely due to three focused areas which ABSA is utilising to provide access to finance namely, ABSA Alternative Lending Solutions, ABSA Agriculture and ABSA Automotive Aftermarket.</p> <p>KCG has not focused on ABSA alone, but it has other Partner Financial Institutions ("PFI") such as SBSA and FNB. The facility with SBSA is a R150 million Portfolio Guarantee and R160 million with FNB. KCG acknowledges the role played by Non-Bank Financial Institutions ("NBF") as lenders in the MSME space, and it has therefore brought on board several NBFs to not only be exposed to commercial banks but more so to give MSME borrowers options when they require funding. The NBFs such as Preference Capital, Bizcash and Praxis Financial Services also utilise the KCG guarantee facility to provide access to funding to the marginalised SMMEs who may not qualify for traditional lending at commercial banks.</p> <p>There are also corporate Enterprise and Supplier Development programmes ("ESD"), such as Sasol Siyakha, ASISA, Mr Price Group which are also providing lending by not only offering concessionary lending to SMMEs but also offer business development support to mitigate against the early-stage failure rate of SMMEs. They provide:</p> <ul style="list-style-type: none"> <li>• Access to capital through debt funding and equity at the back of KCG</li> <li>• Access to markets – procurement, business development</li> <li>• Access to skills – business development support, personal training and development and financial literacy.</li> </ul> <p>There are instances where SMME borrowers do not require loan funding but access to credit. However, due to immature credit profiles they do not qualify for larger credit facilities. KCG has provided supplier credit guarantee to providers of such credit so that there is financial inclusion of SMMEs seeking opportunities in supply chains of construction companies, motor body industry, and steel fabrication.</p> <p>KCG has extended supplier Credit Guarantee facilities to Macsteel Service Centres for upcoming steel merchants and resellers, Barnes Reinforcement Industries (BRI) for those SMMEs with contract opportunities in steel value chain and Praxis for the emerging black owned motor body repairers (MBR) who have insurance approved jobs. This facility allows MBRs to have larger credit lines with part suppliers – Original Equipment Manufacturers so that they are able to win more repair jobs from motor insurers.</p> |

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|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 32  | When the AG briefed the Committee on 10 October 2023, the repeat material noncompliance finding with article 45 of the Companies Act was mentioned where loans had been provided to related companies. The two companies were not approved by way of a special resolution adopted by the shareholders within the previous two years. The AG has once again flagged this matter as unresolved. Sefa's next appearance to the Committee on 27 November 2024 should include this matter for the benefit of the Committee and highlight the corrective actions being taken to address an adverse finding. | <p>This audit finding has been addressed and resolved. The special resolution for financial assistance (as required by S45 of the Companies Act) was approved at the sefa Annual General Meeting of 25 March 2024.</p> <p>The special resolution is not allowed to be implemented retrospectively and therefore the special resolution covered 2025 Financial Year and 2026 Financial Year. This Special Resolution was passed at the Annual General Meeting after the audit for the year 31 March 2023, the audit was finalised in September 2023.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 33  | The Department and entities should galvanise SMMEs and cooperatives in the provinces like Free State, North West, and Northern Cape. Financial support directed to these provinces is alarmingly small compared to other regions. The agencies must conduct a need assessment to better understand the obstacles that hinders SMMEs and cooperatives in those areas from seeking financial or non-financial assistance. The Committee will monitor the Department and SEDFA quarterly reports to track progress.                                                                                      | <p>The Department is collaborating with the Northern Cape Department of Economic Development and Tourism (NC-DEDAT) to develop and administer a needs assessment questionnaire for MSMEs within the Metals, Machinery, and Equipment (MME) sector. This initiative aims to collect critical data that will inform the development of the MME sector in the region.</p> <p>Additionally, the Department actively participates in the Northern Cape MME Sector Industrial Cluster Masterplan Steering Committee. Once the MME Masterplan is finalised, it will include a comprehensive implementation plan for the establishment of the MME Cluster. This initiative is part of the DSBD's broader strategy to drive industrial development, with the Department rolling out the clustering tool as a key instrument to support the localisation agenda. Clustering plays a crucial role in promoting regional economic growth and advancing industrial development, particularly within the MME sector.</p> <p>Activation programmes where SEDFA support programmes to MSMEs will be aggressively marketed in these areas and will be undertaken with the aim of ensuring that there is an uptake of SEDFA offerings by MSMEs in these regions. Origination efforts by teams such as Wholesale Lending will be enhanced to source deals that are from the Northern Cape and those that will have an impact in that province.</p> |

## 8. STANDING COMMITTEE ON PARLIAMENTARY ACCOUNTS (SCOPA) RESOLUTIONS

Not applicable to DSBD.

## 9. PRIOR MODIFICATIONS TO AUDIT REPORTS

Not applicable to DSBD.

## 10. INTERNAL CONTROL UNIT

The DSBD does not have an Internal Control Unit.

## 11. INTERNAL AUDIT AND AUDIT COMMITTEES

### 11.1. Internal Audit Function (IAF)

The mandate of the DSBD Internal Audit Function is derived from sections 38(1)(a)(ii), 76(4)(e) of the PFMA, Act of 1999, 3.2 of the Treasury Regulations, and the International Professional Practice Framework of Internal Auditing (IPPF). The purpose of Internal Audit is to strengthen the Department's ability to create, protect, and sustain value by providing the Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The vision of Internal Audit is to enhance and protect the Departmental value by providing risk-based objective assurance, advice, and insight. The strategy of the Internal Audit Function is aligned with that of the Department.

The Internal Audit has an approved audit methodology which guides the performance of audits. The Internal Audit Function operates in line with a written Audit Charter that was approved by the Director-General and the Audit and Risk Committee (ARC). The Internal Audit Functions confirmed its independence on a quarterly basis during the 2024/25 financial year. No impairments to independence were reported.

The Internal Audit Function is fully inhouse and the Director: Internal Audit is the designated Chief Audit Executive. The establishment for the Internal Audit Function consist of six (6) funded positions: 1 Director, 1 Deputy Director, 2 Assistant Directors and 2 Internal Auditors. The officials within the Internal Audit Function are sufficiently qualified to practice Internal Audit. The Internal Audit Function maintains a training plan and all officials participated in

development activities to ensure that their knowledge is up to date.

The Internal Audit Function has a quality Assurance and improvement programme in place. The last external assessment was completed in 2022 where the Internal Audit Function achieved a General Conform (GC) outcome. In the period under review, Internal Audit completed an Internal Assessment to determine the level of conformance to the Global Internal Audit Standards. The outcome of the Assessment was presented to the Audit and Risk Committee, and the action plan is being implemented to address areas of improvement identified.

The Internal Audit Function has a good working relationship with other assurance providers including the Risk and Integrity Management Unit and the external auditors. Internal Audit considers the work of other assurance providers and conducts follow ups on their recommendations and action plans to ensure the improvement in the status of internal control in the Department.

### Summary of the work done by the IAF in the reporting period

The Internal Audit Function completed 14 audits which is 100% of the audit plan for the 2024/25 financial year. The audits included assurance engagements on various activities and follow ups on implementation of previous audit action plans. There were no projects that were rolled over in the 2024/25 financial year. One ad hoc engagement was initiated in the 2024/25 and was not finalised at the end of the financial year. The engagement was carried forward to 2025/26.

The Internal Audit Function experienced capacity constraints during the 2024/25 financial year caused by the vacant position for the Deputy Director and the expiry of contracts for the interns. The IAF added value to the Department as the recommendations implemented resulted in improving the systems of governance and internal control in the Department. The IAF followed up on 189 audit action plans of which 64% were closed, 26% were in progress, 8% were not implemented and 2% were not yet due for implementation. The Internal Audit functions did not record any limitations in the period under review.

### 11.2. Audit Committee (AC)

The Audit and Risk Committee (ARC) is in place and reports to the Accounting Officer and the Executive Authority. The mandate of the Audit and Risk Committee is to provide oversight on the systems of internal control, risk management, and governance in the Department. The Audit and Risk Committee operates in terms of an

approved Audit and Risk Committee Charter and upholds public interest in its operations. The ARC operated freely in exercising its independence and all members declared their interests in each meeting.

The ARC reviewed the organisational positioning, and all aspects related to the independence of the Internal Audit Function, including safeguards in place to protect the independence of internal auditors. The ARC fulfilled its functions and responsibilities as set out in the PFMA, Treasury Regulations, Global Internal Audit Standards, and the ARC Charter.

The ARC consists of four (4) external members and has the appropriate number of persons, mix of skills and experience, and balance between internal and external members to fulfil its mandate considering the size and

general complexity of the Department. The ARC had three (3) meetings in the year under review which consisted of two (2) ordinary meetings and one (1) special meeting. The ARC is satisfied with how their recommendations are received and implemented in the Department.

The combined assurance process is managed by the Risk and Integrity Management Unit which is overseen by REMC. The ARC received quarterly reports from the Chairperson of the Risk and Ethics Management Committee and noted the progress made in the implementation of the combined assurance process.

The ARC was appointed in November 2024, therefore an evaluation on its performance has not been conducted. The evaluation will be conducted on an annual basis.

The table below discloses relevant information on the audit committee members:

| Name              | Qualifications                                                                                                                                           | Professional Affiliation (e.g. SAICA, IIA, IOD(SA))                        | Appointment: Term of Office |                        | No. of meetings attended 2024/25 | Has the AC member declared private and business interests in every meeting? (Yes/No) | Is the AC member an employee of an organ of state? (Yes / No) | No. of other ACs that the member served on during the reporting period (whether in the public sector or not) | No. of other governance structures the member served on during the reporting period, e.g. Boards, Risk Committee, IT Committee, etc, whether in this or any other institution(s) |
|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|-----------------------------|------------------------|----------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                   |                                                                                                                                                          |                                                                            | Start date                  | End date               |                                  |                                                                                      |                                                               |                                                                                                              |                                                                                                                                                                                  |
| Zandile Kabini    | BCom, BCom Hons (Informatics), CCIO (SA), CGEIT                                                                                                          | IODSA<br>ISC2<br>ICITP                                                     | December 2024               | December 2027          | 3                                | Yes                                                                                  | No                                                            | 4                                                                                                            | 4                                                                                                                                                                                |
| Oliver Josie      | LLM, MBL, LLB, BProc & BA(Pol).                                                                                                                          | Advocate of the High Courts (1998) & Chartered Director (SA)- IODSA (2017) | December 2024               | December 2027          | 3                                | Yes                                                                                  | No                                                            | 3                                                                                                            | 2                                                                                                                                                                                |
| Prittish Dala     | PHD (IT), M.IT, BSc Computer Science (Hons), B.IT, CD(SA), CDPSE, CEH, CGEIT, CHFI, CISA, CISM, CISSP, COBIT, CRISC, ACCISO, ISAP(SA), ISMP(SA), LA27001 | ISACA, ISC2, IODSA, EC-COUNCIL                                             | December 2024               | December 2027          | 2                                | Yes                                                                                  | No                                                            | 14                                                                                                           | 9                                                                                                                                                                                |
| Thabang Motloi    | CA(SA), CTA / B.Acc Science (Hons), B.Acc.                                                                                                               | SAICA                                                                      | December 2024               | December 2027          | 2                                | Yes                                                                                  | No                                                            | 1                                                                                                            | 3                                                                                                                                                                                |
| Thulisile Manzini | PGD, BEd, BPaed, DipEd.                                                                                                                                  | IPM                                                                        | July 2023                   | N/A- Ex Officio member | 3                                | Yes                                                                                  | Yes                                                           | 0                                                                                                            | 1                                                                                                                                                                                |

### Remuneration of audit committee members

The audit committee members appointed from outside the public service are remunerated in line with the policy on payment of fees to audit committee members. The Chairperson is remunerated at R2 900 per hour while other members are remunerated at R2 420 per hour. No remuneration was paid to members employed by the organs of the state. The total remuneration paid for the 2024/25 financial year is R198 811.11.

## 12. AUDIT AND RISK COMMITTEE REPORT

The DSBD ARC is pleased to present its report for the financial year ended 31 March 2025, set out in three parts below:

### Part 1: Audit and Risk Committee reflections for the 2024/25 financial year

The purpose of the DSBD Audit and Risk Committee is to provide oversight on governance, financial management, risk management, integrity of performance information and internal controls in the Department. The mandate of the ARC comes from section 38 (1)(a)(ii) of the PFMA and section 3.1 of the Treasury Regulations. The ARC members were appointed from outside the public service to ensure the independence of the ARC and declaration of interests are completed at the beginning of each meeting by all members. The ARC maintained a positive and a supportive relationship with Management, the Internal Audit Function (IAF), the External Auditors, and other lines of

defence throughout the reporting period. While the ARC members were appointed in the middle of the 2024/25 financial year (November 2024), measures were put in place to ensure that it expedited the annual programme and executed all its oversight functions for the 2024/25 financial year.

The Audit and Risk Committee complied with its responsibilities arising from Section 38 (1)(a)(ii) of the PFMA and Treasury Regulation 3.1. The Committee adopted an appropriate formal term of reference as its Audit Committee Charter, regulated its affairs in compliance with the charter and discharged responsibilities as contained therein. The Committee operated without hinderance or limitations throughout the second half of 2024/25 financial year. The ARC is familiar with the Global Internal Audit Standards (GIAS) and has incorporated its requirements in the ARC Charter to ensure that their oversight functions are consistent with the GIAS.

### Part 2: Audit and Risk Committee composition and meeting attendance

The ARC consists of four external members while the Accounting Officer serves as the Ex-officio member in the Committee. The Committee is properly constituted, with a balanced representation of independent members with an appropriate mix of qualifications, skills, and experience. The committee convened two ordinary meetings and one meeting with the Executive Authority during the 2024/25 financial year. The details ARC meetings attendance is included below:

| Name (Position)                       | Qualifications                                                                                                                                           | Is the ARC member an employee of an organ of state? (Yes / No) | Number of ordinary meetings attended | Number of special meetings attended |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Zandile Kabini (Chairperson)          | BCom, BCom Hons (Informatics), CCIO (SA), CGEIT                                                                                                          | No                                                             | 2                                    | 1                                   |
| Oliver Josie (External Member)        | LLM, MBL, LLB, BProc & BA(Pol), Advocate, CD(SA).                                                                                                        | No                                                             | 2                                    | 1                                   |
| Prittish Dala (External Member)       | PHD (IT), M.IT, BSc Computer Science (Hons), B.IT, CD(SA), CDPSE, CEH, CGEIT, CHFI, CISA, CISM, CISSP, COBIT, CRISC, ACCISO, ISAP(SA), ISMP(SA), LA27001 | No                                                             | 2                                    | 0                                   |
| Thabang Motloi (External Member)      | CA(SA), CTA / B.Acc Science (Hons), B.Acc.                                                                                                               | No                                                             | 2                                    | 0                                   |
| Thulisile Manzini (Ex-officio Member) | PGD, BEd, BPaed, DipEd.                                                                                                                                  | Yes                                                            | 2                                    | 1                                   |

### Part 3: Audit and Risk Committee focus areas

## 12.1. The Effectiveness of Internal Control

12.1.1. The ARC completed its oversight activities over internal controls by reviewing reports from various assurance providers including the Internal Audit Function, External Auditors, the Strategy and Governance Unit, Legal Services, Human Resource Management, the Chief Financial Officer, the Risk and Ethics Management Committee (REMC), the ICT Steering Committee as well as the Donor Funding Support Function. The ARC considered reports presented by these assurance providers and concluded that the system of internal controls is generally sound with slight areas of improvement. Areas of improvement include data management to support performance reporting, impact analysis for service delivery interventions, filling critical vacancies to support the implementation of ICT plans and monitoring the internal controls to prevent irregular expenditure.

12.1.2. The Committee reviewed accounting and auditing concerns identified by both Internal and External Auditors and advised the Accounting Officer and Management on the need to strengthen internal controls processes and the development of action plans to address the reported control deficiencies.

## 12.2. Effectiveness of the Internal Audit Function

12.2.1. The ARC completed the following oversight activities on the Internal Audit Function:

- Reviewed the Internal Audit quarterly reports against the 2024/25 annual coverage plan to monitor progress and effective implementation of the activities of the IAF.
- Reviewed the IAFs action plans on the implementation of the Global Internal Audit Standards and progress there to.
- Convened closed meetings with the Chief Audit Executive to discuss matters not covered in the main ARC meetings.
- Reviewed and approved the 2025/26 Internal Audit Charter.
- Reviewed and approved the 2025/26 Internal Audit Strategy, the risk based 3-year Internal Audit Plan and the annual coverage plan.
- Reviewed the capacity within IAF.

12.2.2. The Audit and Risk Committee is satisfied that the Internal Audit Function effectively implemented the approved 2024/25 annual internal audit plan without unjustified restrictions or limitations on their work. The Committee is satisfied with the effectiveness of the Internal Audit Function and will further monitor its performance to ensure increased coordination of efforts with the external auditors.

## 12.3. Effectiveness of Risk Management, Combined Assurance and Compliance with Laws and Regulations

12.3.1. The Risk and Ethics Management Committee is a key assurance provider to the ARC on the processes of risk management, ethics, combined assurance, and compliance management. Through the reports of the REMC, the Committee considered the Department's processes for risk management, combined assurance, and compliance management. The Audit and Risk Committee is satisfied with the level of effectiveness of the Department's risk management processes. The Committee will further review this area to ensure a gradual implementation of the combined assurance plan and an increased risk maturity level going forward.

## 12.4. Adequacy, Reliability, and Accuracy of Performance Information

12.4.1. The Audit and Risk Committee reviewed the Department's performance through the quarterly reports submitted by management and audited by Internal Audit. The Audit and Risk Committee acknowledged with appreciation the achievement of 88% of the targets for 2024/25 financial year. The Audit and Risk Committee commends management on the actions taken to maintain the unqualified opinion with no material findings on performance information.

## 12.5. The Quality of the In-year Management and Monthly/Quarterly Reports

12.5.1. The department has submitted monthly and quarterly reports to National Treasury as required by the PFMA. The Audit and Risk Committee is satisfied with the reports submitted by management in this regard.

## 12.6. Evaluation of the Annual Financial Statements and the External audit

12.6.1. The Audit and Risk Committee has reviewed the unaudited annual financial statements, and through Internal Audit conducted a technical quality review of the financial statements prior to submission to the AGSA for audit. The ARC has reviewed and discussed the adjustments to the audited annual financial statements with Management and AGSA. The Committee commends management on the actions taken to monitor financial reporting and compliance, which has resulted in the Department maintaining an unqualified audit opinion with no material findings.

## CONCLUSION

The Audit and Risk Committee expresses appreciation to the Department's Executive Authority, Accounting Officer, Management, staff, the Internal Audit Function, the AGSA, all other assurance providers and role players for the robust and constructive engagements held during the period under review.

**Ms Zandile Kabini**

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

August 2025

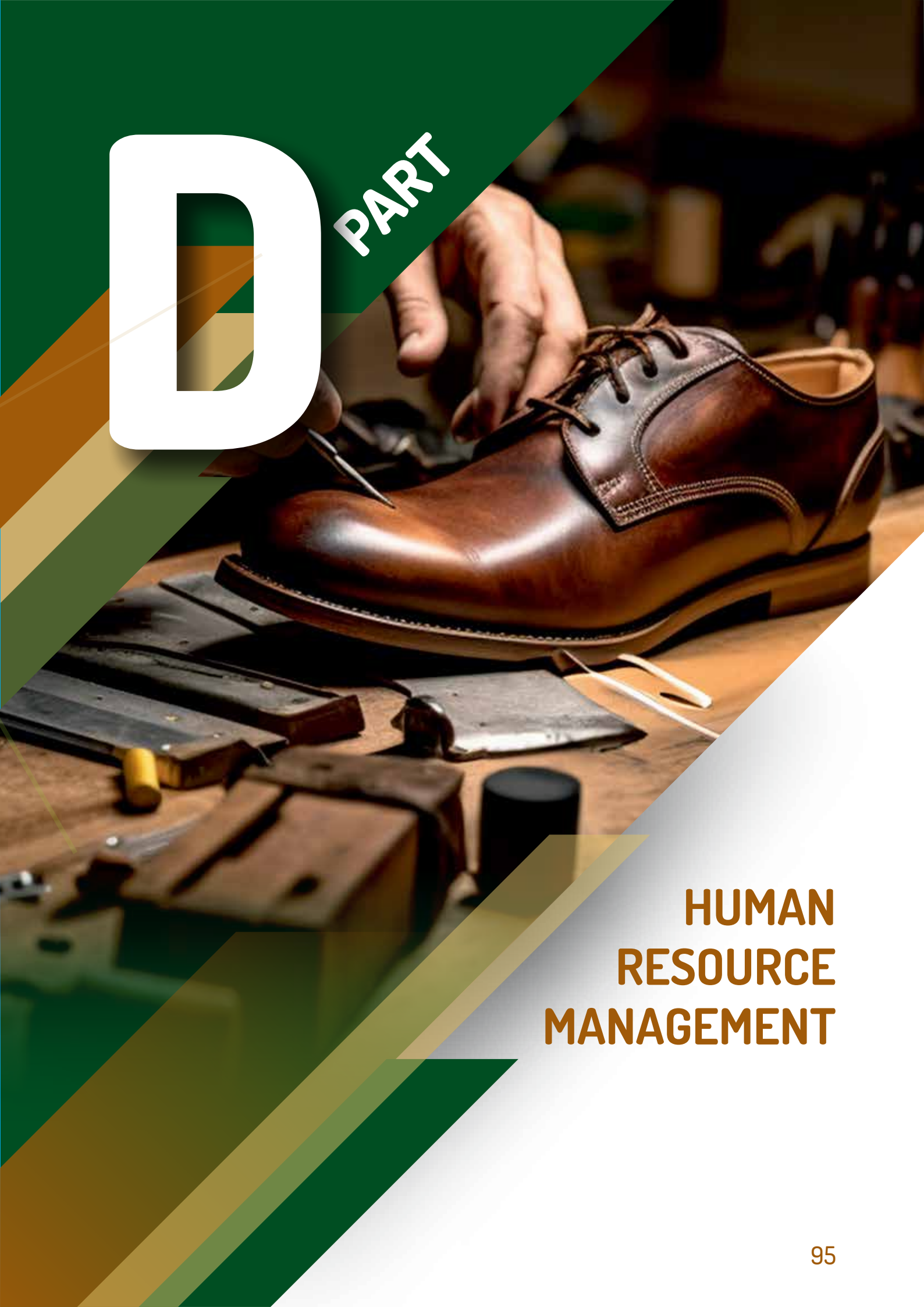
## 13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

| Has the Department/Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:              |                   |                                                                                                                                                                                                                                                                                                                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Criteria                                                                                                                                                  | Response Yes / No | Discussion                                                                                                                                                                                                                                                                                                          |
| Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law? | No                | The Department is 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 consolidated its state-owned entities into one and there was no sale that took 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 are managed by SEDFA 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. |



# D PART



## 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

### 2.1. The Status of Human Resources in the Department

The Department successfully reduced the vacancy rate by 6.6% over the reporting period. A total of 168 appointments were made; however, only 55 of these contributed to the reduction in the vacancy rate, as they were permanent positions within the approved establishment and six promotions were implemented. There were 87 terminations which comprised of eight senior managers, nine middle managers, 21 assistant directors, six officers, 34 support staff, and nine interns, reflecting movements across various levels of the organisational structure, but only 31 affected the vacancy rate due to their alignment with permanent posts.

The Department continued implementation of the Strategy for the Recruitment of Persons with Disability to increase representation. The strategy called for amongst others an increase in youth with disability. Notable progress in increasing representation was made with the appointment of five (5) PWDs. However, the significant increase in employment additional to the establishment resulted in representation only improving from 3.7% to 4%. The Department also maintained female representation in the Senior Management Service (SMS) above the required 50% throughout the period under review. The reporting period ended with 54.3% female SMS representation. The Department also made significant progress in youth employment, which increased from 22.8% to 34%.

Two strategic and top management posts were filled, i.e., Director-General and Chief Director: Business Intelligence and Sector-Wide Monitoring and Evaluation.

### 2.2. Human Resource Priorities for the Year under Review and the Impact of These

Key human resources priorities included reducing the vacancy rate, upskilling employees, fostering a conducive working environment, and promoting a representative and diverse workforce, particularly with respect to women, youth, and persons with disabilities.

The Department's focus for 2024/25 financial year was on enhancing internal skills and capabilities in leadership, governance, computer literacy, organisational development, and compliance through focused training interventions in areas such as COBIT, Prevention of Harassment in the Workplace, Delegations for financial management, Leadership development, and Ethics. The Department was also able to complete the following additional training courses, namely: Compulsory induction programme, Project management, Change management, and Excel. The training interventions and bursaries were successfully implemented to the value of R2.7 million. To support on-boarding the first physical session of DSBD Induction training was held during March 2025. This aimed to positively influence employee engagement and integration within the Department. Through these interventions, the Department was able to provide upskilling in support of the government's drive to professionalise the public service. The Department will embark on a review process to track the return on investment of training offered during the 2025/26 financial year.

To enhance job wellness and adherence to governmental policies, the sub-directorate Employee Health and Wellness (EHW) and Labour Relations continues to conduct information sessions on Code of Conduct, Occupational Health and Safety (OHS) related activities as well as support with psycho-social services. Subsequently, training of OHS/ Wellness Committee role players (First Aiders, Fire Marshalls/Firefighters, SHE Representatives and Wellness Buddies) were also conducted.

The Department continued code of conduct training, Occupational Health & Safety (OHS) related activities, and the compulsory DSBD induction programme, promoting the internal and external EHW services, support with psycho-social services and improved employee wellness and conduct. In addition, EHW Unit is in liaison with the Risk and Integrity Management Unit on the National Disaster Management Collaboration (Technical Task Team on Disaster Risk Management), to ensure Health and Safety in the Workplace.

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. This was however delayed by cost containment measures, which considerably prolonged the recruitment process.

### 2.3. Workforce Planning and Key Strategies to Attract and Recruit a Skilled and Capable Workforce

The following key strategies were developed and implemented to attract and recruit the capable workforce:

- A detailed recruitment plan managed at the highest level with monthly progress reported to the executive committee supported by the sourcing of service providers to aid in response handling and personnel suitability checks, thus, to improve turnaround times in the recruitment and selection process.
- A strategy for recruiting persons with disabilities to increase their representation with a focus on the youth within the organisation was implemented.
- Provision of training and bursaries to enhance internal skills and capabilities in line with the Departmental priorities.

### 2.4. Employee Performance Management

The Department continued to improve on performance management practices during the reporting period with a small percentage (1.4%) of recorded cases of non-compliance in respect of the submission of performance agreements; and was again able to effectively 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. Employees also reached out for psychosocial counselling and support from the internal EHW services.

### 2.6. Highlight Achievements and Challenges faced by the Department, as well as Future Human Resource Plans /Goals

During the 2024/2025 period, all three planned targets were successfully achieved, resulting in a 100% success rate. Key accomplishments included a notable 6.6% reduction in the vacancy rate, sustaining female representation in senior management above 50%, and increasing the employment rate of persons with disabilities to 4%.

Challenges remain in implementing the organisational structure, primarily due to cost containment measures and sustained high workloads. Furthermore, high workload levels are contributing to delays in recruitment and selection turnaround times, while budgetary constraints are limiting the use of external service providers.

To resolve the current limited office accommodation challenge, the Department has already initiated the process to procure shared interim accommodation with our entity SEDFA. The estimated period by the Department of Public Works and Infrastructure (DPWI) of procurement of accommodation is 18 months.

## 3. HUMAN RESOURCES OVERSIGHT STATISTICS

### 3.1. Personnel Related Expenditure

The following tables summarise 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 2024 and 31 March 2025**

| Programme                                                 | Total expenditure (R'000) | Personnel expenditure (R'000) | Training expenditure (R'000) | Professional and special services expenditure (R'000) | Personnel expenditure as a % of total expenditure | Average personnel cost per employee (R'000) |
|-----------------------------------------------------------|---------------------------|-------------------------------|------------------------------|-------------------------------------------------------|---------------------------------------------------|---------------------------------------------|
| ADMINISTRATION                                            | 165 699                   | 100 966                       | 2 872                        | 1 342                                                 | 60.9%                                             | 678                                         |
| SECTOR POLICY AND RESEARCH                                | 37 311                    | 30 764                        | 0                            | 3 473                                                 | 82.5%                                             | 750                                         |
| INTEGRATED CO-OPERATIVES AND MICRO ENTERPRISE DEVELOPMENT | 142 681                   | 37 440                        | 970                          | 0                                                     | 26.2%                                             | 780                                         |
| ENTERPRISE DEVELOPMENT, INNOVATION AND ENTREPREURSHIP     | 2 034 608                 | 49 190                        | 0                            | 1 984                                                 | 2.4%                                              | 734                                         |
| <b>Total</b>                                              | <b>2 380 299</b>          | <b>218 360</b>                | <b>3 842</b>                 | <b>6 799</b>                                          | <b>9.2%</b>                                       | <b>716</b>                                  |

**Table 3.1.2 Personnel costs by salary band for the period 1 April 2024 and 31 March 2025**

| Salary band                              | Personnel expenditure (R'000) | % of total personnel cost | No. of employees       | Average personnel cost per employee (R'000) |
|------------------------------------------|-------------------------------|---------------------------|------------------------|---------------------------------------------|
| Lower skilled (Levels 1-2)               | 168                           | 0.1%                      | 1                      | 168                                         |
| Skilled (level 3-5)                      | 6 941                         | 3.2%                      | 26                     | 267                                         |
| Highly skilled production (levels 6-8)   | 47 410                        | 21.7%                     | 96                     | 494                                         |
| Highly skilled supervision (levels 9-12) | 88 901                        | 40.7%                     | 110                    | 808                                         |
| Senior and Top management (levels 13-16) | 70 969                        | 31.6%                     | 47                     | 1 415                                       |
| Other (Interns)                          | 3 336                         | 1.5%                      | 25                     | 133                                         |
| <b>Total</b>                             | <b>218 360</b>                | <b>100.0%</b>             | <b>305<sup>3</sup></b> | <b>716</b>                                  |

**Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2024 and 31 March 2025**

| Programme                                                 | Salaries       |                                    | Overtime       |                                    | Home Owners Allowance |                               | Medical Aid    |                                       |
|-----------------------------------------------------------|----------------|------------------------------------|----------------|------------------------------------|-----------------------|-------------------------------|----------------|---------------------------------------|
|                                                           | Amount (R'000) | Salaries as a % of personnel costs | Amount (R'000) | Overtime as a % of personnel costs | Amount (R'000)        | HOA as a % of personnel costs | Amount (R'000) | Medical aid as a % of personnel costs |
| ADMINISTRATION                                            | 68 527         | 67.9%                              | 1 687          | 1.7%                               | 1 403                 | 1.4%                          | 2 767          | 2.7%                                  |
| SECTOR POLICY AND RESEARCH                                | 22 131         | 71.9%                              | 0              | 0.0%                               | 504                   | 1.6%                          | 634            | 2.1%                                  |
| INTEGRATED CO-OPERATIVES AND MICRO ENTERPRISE DEVELOPMENT | 26 568         | 71.0%                              | 1              | 0.0%                               | 679                   | 1.8%                          | 1 265          | 3.4%                                  |
| ENTERPRISE DEVELOPMENT, INNOVATION AND ENTREPRENEURSHIP   | 34 470         | 70.1%                              | 1 044          | 2.1%                               | 682                   | 1.4%                          | 1 032          | 2.1%                                  |
| <b>Total</b>                                              | <b>151 969</b> | <b>69.6%</b>                       | <b>2 731</b>   | <b>1.3%</b>                        | <b>3 268</b>          | <b>1.5%</b>                   | <b>5 698</b>   | <b>2.6%</b>                           |

<sup>3</sup> Expenditure information includes the political office bearers as well as the special advisers.

**Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2024 and 31 March 2025**

| 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)                      | 131            | 79.2%                              | 0              | 0.0%                               | 18                    | 10.7%                         | 0              | 0.0%                                  |
| Skilled (level 3-5)                      | 4 817          | 88.5%                              | 58             | 0.8%                               | 159                   | 2.2%                          | 188            | 2.6%                                  |
| Highly skilled production (levels 6-8)   | 33 877         | 78.9%                              | 1 030          | 2.2%                               | 1 998                 | 3.2%                          | 2 812          | 5.9%                                  |
| Highly skilled supervision (levels 9-12) | 64 028         | 85.9%                              | 379            | 0.4%                               | 1 534                 | 1.6%                          | 1 922          | 2.0%                                  |
| Senior management (level 13-16)          | 60 725         | 87.9%                              | 0              | 0.0%                               | 63                    | 0.1%                          | 770            | 1.1%                                  |
| Other                                    | 3 336          | 96.6%                              | 25             | 0.7%                               | 0                     | 0.0%                          | 0              | 0.0%                                  |
| <b>Total</b>                             | <b>151 969</b> | <b>69.6%</b>                       | <b>2 731</b>   | <b>1.3%</b>                        | <b>3 268</b>          | <b>1.5%</b>                   | <b>5 698</b>   | <b>2.6%</b>                           |

## 3.2. Employment and Vacancies

The tables in this section summarise the position regarding 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 2025**

| Programme                                                  | Number of posts on approved establishment | Number of posts filled | Vacancy Rate | Number of employees additional to the establishment |
|------------------------------------------------------------|-------------------------------------------|------------------------|--------------|-----------------------------------------------------|
| ADMINISTRATION                                             | 139                                       | 122                    | 12.2%        | 27                                                  |
| SECTOR POLICY AND RESEARCH                                 | 54                                        | 39                     | 27.8%        | 8                                                   |
| INTERGRATED CO-OPERATIVES AND MICRO ENTERPRISE DEVELOPMENT | 60                                        | 44                     | 26.7%        | 2                                                   |
| ENTERPRISE DEVELOPMENT, INNOVATION AND ENTREPRENEURSHIP    | 63                                        | 49                     | 22.2%        | 62                                                  |
| <b>Total</b>                                               | <b>316</b>                                | <b>254</b>             | <b>19.6%</b> | <b>99</b>                                           |

**Table 3.2.2 Employment and vacancies by salary band as on 31 March 2025**

| 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)               | 4                                         | 2                      | 50.0%        | 0                                                   |
| Skilled (3-5)                     | 16                                        | 14                     | 12.5%        | 14                                                  |
| Highly skilled production (6-8)   | 103                                       | 86                     | 16.5%        | 52                                                  |
| Highly skilled supervision (9-12) | 142                                       | 108                    | 23.9%        | 9                                                   |
| Senior management (13-16)         | 51                                        | 44                     | 13.7%        | 2                                                   |
| Other (Interns)                   | 0                                         | 0                      | 0.0%         | 22                                                  |
| <b>Total</b>                      | <b>316</b>                                | <b>254</b>             | <b>19.6%</b> | <b>99</b>                                           |

**Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2025**

| Critical occupation                               | Number of posts on approved establishment | Number of posts filled | Vacancy Rate | Number of employees additional to the establishment |
|---------------------------------------------------|-------------------------------------------|------------------------|--------------|-----------------------------------------------------|
| ADMINISTRATION CLERKS                             | 21                                        | 19                     | 9,5%         | 0                                                   |
| ADMINISTRATION OFFICER                            | 0                                         | 0                      | 0,0%         | 2                                                   |
| ADMINISTRATIVE AND GOVERNANCE POLICY MANAGER      | 6                                         | 5                      | 16,7%        | 1                                                   |
| ADMINISTRATIVE RELATED                            | 13                                        | 11                     | 15,4%        | 1                                                   |
| ARCHITECT                                         | 1                                         | 1                      | 0,0%         | 0                                                   |
| BUSINESS DEVELOPMENT OFFICER                      | 49                                        | 33                     | 32,7%        | 61                                                  |
| CALL OR CONTACT CENTRE CLERK                      | 2                                         | 2                      | 0,0%         | 0                                                   |
| CHIEF INFORMATION OFFICER                         | 1                                         | 0                      | 100%         | 0                                                   |
| COMMUNICATION AND MARKETING MANAGER               | 1                                         | 1                      | 0%           | 0                                                   |
| COMMUNICATION COORDINATOR                         | 5                                         | 5                      | 0%           | 3                                                   |
| ECONO.GROWTH&PROMOTION & GLOBAL RELATIONS MANAGER | 29                                        | 24                     | 17,2%        | 0                                                   |
| ECONOMIC ANALYST                                  | 1                                         | 0                      | 100,0%       | 0                                                   |
| ECONOMIST                                         | 6                                         | 1                      | 83,3%        | 0                                                   |
| FACILITIES MANAGER                                | 1                                         | 1                      | 0,0%         | 0                                                   |
| FILING AND REGISTRY CLERK                         | 2                                         | 1                      | 50,0%        | 0                                                   |
| FINANCE AND ECONOMICS RELATED                     | 4                                         | 2                      | 50,0%        | 0                                                   |
| FINANCE CLERK                                     | 2                                         | 2                      | 0,0%         | 0                                                   |
| FINANCE MANAGER                                   | 2                                         | 2                      | 0,0%         | 0                                                   |
| FINANCIAL AND RELATED PROFESSIONALS               | 9                                         | 8                      | 11,1%        | 0                                                   |
| FINANCIAL CLERKS AND CREDIT CONTROLLERS           | 3                                         | 2                      | 33,3%        | 0                                                   |
| FOOD SERVICES AIDS AND WAITERS                    | 3                                         | 1                      | 66,7%        | 0                                                   |
| GRAPHIC DESIGNER                                  | 1                                         | 1                      | 0,0%         | 0                                                   |
| HEADS OF NATIONAL DEPARTMENT                      | 1                                         | 1                      | 0,0%         | 0                                                   |
| HOUSEHOLD AND LAUNDRY WORKERS                     | 4                                         | 4                      | 0,0%         | 0                                                   |
| HUMAN RESOURCE CLERK                              | 1                                         | 1                      | 0,0%         | 2                                                   |
| HUMAN RESOURCE PRACTITIONER                       | 8                                         | 8                      | 0,0%         | 2                                                   |

| Critical occupation                                                | Number of posts on approved establishment | Number of posts filled | Vacancy Rate | Number of employees additional to the establishment |
|--------------------------------------------------------------------|-------------------------------------------|------------------------|--------------|-----------------------------------------------------|
| HUMAN RESOURCES & ORGANISATION DEVELOPMENT AND RELATE PROFESSIONAL | 5                                         | 5                      | 0,0%         | 0                                                   |
| HUMAN RESOURCES RELATED                                            | 9                                         | 9                      | 0,0%         | 0                                                   |
| INFORMATION SERVICES MANAGER                                       | 1                                         | 1                      | 0,0%         | 0                                                   |
| INFORMATION TECHNOLOGY RELATED                                     | 1                                         | 0                      | 100,0%       | 0                                                   |
| INTERNAL AUDITOR                                                   | 2                                         | 2                      | 0,0%         | 0                                                   |
| LEGAL ADMINISTRATION OFFICER                                       | 2                                         | 1                      | 50,0%        | 1                                                   |
| LEGAL RELATED MANAGER                                              | 1                                         | 1                      | 0,0%         | 0                                                   |
| LIGHT VEHICLE DRIVERS                                              | 2                                         | 1                      | 50,0%        | 0                                                   |
| LOGISTICAL SUPPORT PERSONNEL                                       | 5                                         | 5                      | 0,0%         | 0                                                   |
| MANAGERS NOT ELSEWHERE CLASSIFIED                                  | 2                                         | 2                      | 0,0%         | 0                                                   |
| MESSENGERS PORTERS AND DELIVERERS                                  | 1                                         | 1                      | 0,0%         | 0                                                   |
| MIDDLE MANAGER: COMMUNICATION & INFORMATION RELATED                | 2                                         | 2                      | 0,0%         | 0                                                   |
| MIDDLE MANAGER: FINANCE AND ECONOMICS RELATED                      | 8                                         | 7                      | 12,5%        | 0                                                   |
| MIDDLE MANAGER: INFORMATION TECHNOLOGY RELATED                     | 1                                         | 1                      | 0,0%         | 0                                                   |
| MIDDLE MANAGER: LEGAL RELATED                                      | 1                                         | 1                      | 0,0%         | 0                                                   |
| MIDDLE MANAGER: TRADE AND INDUSTRY RELATED                         | 23                                        | 16                     | 30,4%        | 0                                                   |
| OCCUPATIONAL/ JOB ANALYST                                          | 1                                         | 1                      | 0,0%         | 0                                                   |
| ORGANISATIONAL DEVELOPMENT PRACTITIONER                            | 1                                         | 0                      | 100,0%       | 1                                                   |
| OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS                   | 0                                         | 0                      | 0,0%         | 1                                                   |
| OTHER MIDDLE MANAGER                                               | 1                                         | 0                      | 100,0%       | 0                                                   |
| OTHER OCCUPATIONS                                                  | 1                                         | 1                      | 0,0%         | 0                                                   |
| PERSONAL ASSISTANT                                                 | 7                                         | 6                      | 14,3%        | 0                                                   |
| POLICY ANALYST                                                     | 0                                         | 0                      | 0,0%         | 6                                                   |
| PROFESSIONALS NOT ELSEWHERE CLASSIFIED                             | 3                                         | 3                      | 0,0%         | 1                                                   |
| PROGRAMME OR PROJECT MANAGER                                       | 0                                         | 0                      | 0,0%         | 1                                                   |
| QUANTITY SURVEYOR                                                  | 1                                         | 1                      | 0,0%         | 0                                                   |
| RISK AND INTEGRITY MANAGER                                         | 1                                         | 1                      | 0,0%         | 0                                                   |
| RISK MANAGEMENT AND SECURITY SERVICES                              | 6                                         | 6                      | 0,0%         | 1                                                   |
| SAFETY/HEALTH&ENVIRONMENT & QUALITY (SHE&Q) PRACTITIONER           | 0                                         | 0                      | 0,0%         | 1                                                   |
| SECRETARIES & OTHER KEYBOARD OPERATING CLERKS                      | 3                                         | 3                      | 0,0%         | 0                                                   |
| SECURITY OFFICER                                                   | 0                                         | 0                      | 0,0%         | 12                                                  |
| SENIOR MANAGERS                                                    | 4                                         | 4                      | 0,0%         | 0                                                   |
| STRATEGY/MONITORING & EVALUATION MANAGER                           | 1                                         | 1                      | 0,0%         | 0                                                   |
| SUPPLY CHAIN MANAGER                                               | 1                                         | 1                      | 0,0%         | 0                                                   |
| SUPPLY CHAIN PRACTITIONER                                          | 1                                         | 1                      | 0,0%         | 0                                                   |

| Critical occupation                                | Number of posts on approved establishment | Number of posts filled | Vacancy Rate | Number of employees additional to the establishment |
|----------------------------------------------------|-------------------------------------------|------------------------|--------------|-----------------------------------------------------|
| SYSTEMS ADMINISTRATOR                              | 1                                         | 0                      | 100,0%       | 0                                                   |
| TECHNICAL (ICT) SUPPORT SERVICES MANAGER           | 1                                         | 1                      | 0,0%         | 0                                                   |
| TRADE/INDUSTRY ADVISERS & OTHER RELATED PROFESSION | 40                                        | 33                     | 17,5%        | 2                                                   |
| <b>Total</b>                                       | <b>316</b>                                | <b>254</b>             | <b>19,6%</b> | <b>99</b>                                           |

### 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 –
  - 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;
  - 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;
  - where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
  - 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 2025**

| SMS Level                            | Total number of funded SMS posts | Total number of SMS posts filled | % of SMS posts filled | Total number of SMS posts vacant | % of SMS posts vacant |
|--------------------------------------|----------------------------------|----------------------------------|-----------------------|----------------------------------|-----------------------|
| Director-General/ Head of Department | 1                                | 1                                | 100%                  | 0                                | 0,0%                  |
| Salary Level 16                      | 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                      | 37                               | 33                               | 89,2%                 | 4                                | 10,8%                 |
| <b>Total</b>                         | <b>52</b>                        | <b>45</b>                        | <b>86,5%</b>          | <b>7</b>                         | <b>13,5%</b>          |

**Table 3.3.2 SMS post information as on 30 September 2024**

| 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 | 0                                | 0                                | 0%                    | 0                                | 0%                    |
| Salary Level 16                      | 0                                | 0                                | 0%                    | 0                                | 0%                    |
| Salary Level 15                      | 3                                | 2                                | 66,7%                 | 2                                | 33,3%                 |
| Salary Level 14                      | 11                               | 9                                | 81,8%                 | 2                                | 18,2%                 |
| Salary Level 13                      | 37                               | 32                               | 86,5%                 | 5                                | 13,5%                 |
| <b>Total</b>                         | <b>52</b>                        | <b>44</b>                        | <b>84,7%</b>          | <b>9</b>                         | <b>17,3%</b>          |

**Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2024 and 31 March 2025**

| 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 | 0                                                                       | 0                                                                   | 0                                                                            |
| Salary Level 16                      | 0                                                                       | 0                                                                   | 0                                                                            |
| Salary Level 15                      | 0                                                                       | 0                                                                   | 0                                                                            |
| Salary Level 14                      | 0                                                                       | 0                                                                   | 0                                                                            |
| Salary Level 13                      | 0                                                                       | 0                                                                   | 0                                                                            |
| <b>Total</b>                         | <b>0</b>                                                                | <b>0</b>                                                            | <b>0</b>                                                                     |

**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 2024 and 31 March 2025**

| Reasons for vacancies not advertised within six months                                                                                                                                                                               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Director: Government Information and Communication, suitable candidate could not be found, and the post was readvertised.<br>Director: Communication Management, recruitment could not finalise due the dispute referred externally. |
| Reasons for vacancies not filled within twelve months                                                                                                                                                                                |
| Director: Government Information and Communication, suitable candidate could not be found, and the post was readvertised.<br>Director: Communication Management, recruitment could not finalise due the dispute referred externally. |

**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 2024 and 31 March 2025**

| 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 2024 and 31 March 2025**

| Salary band                              | Number of posts on approved establishment | Number of Jobs Evaluated | % of posts evaluated by salary bands | Posts Upgraded |                      | Posts downgraded |                      |
|------------------------------------------|-------------------------------------------|--------------------------|--------------------------------------|----------------|----------------------|------------------|----------------------|
|                                          |                                           |                          |                                      | Number         | % of posts evaluated | Number           | % of posts evaluated |
| Lower Skilled (Levels 1-2)               | 1                                         | 0                        | 0.0%                                 | 0              | 0.0%                 | 0                | 0.0%                 |
| Skilled (Levels 3-5)                     | 19                                        | 0                        | 0.0%                                 | 0              | 0.0%                 | 0                | 0.0%                 |
| Highly skilled production (Levels 6-8)   | 103                                       | 17                       | 16.5%                                | 0              | 0.0%                 | 0                | 0.0%                 |
| Highly skilled supervision (Levels 9-12) | 142                                       | 17                       | 12.0%                                | 0              | 0.0%                 | 0                | 0.0%                 |
| Senior Management Service Band A         | 35                                        | 2                        | 5.7%                                 | 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         | 2                                         | 0                        | 0.0%                                 | 0              | 0.0%                 | 0                | 0.0%                 |
| <b>Total</b>                             | <b>316</b>                                | <b>36</b>                | <b>11.4%</b>                         | <b>0</b>       | <b>0.0%</b>          | <b>0</b>         | <b>0.0%</b>          |

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 2024 and 31 March 2025**

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

#### Employees with a disability

0

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

**Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2024 and 31 March 2025**

| Occupation                                                                                      | Number of employees | Job evaluation level | Remuneration level | Reason for deviation                                                                     |
|-------------------------------------------------------------------------------------------------|---------------------|----------------------|--------------------|------------------------------------------------------------------------------------------|
| Middle Manager: Finance & Economics Related                                                     | 4                   | 11                   | 12                 | 1 Transfer from <b>the dtic</b> in 2015<br>3 Grade progressions                          |
| Middle Manager: Trade & Industry Related                                                        | 6                   | 11                   | 12                 | 1 Transfer from <b>the dtic</b> in 2015<br>1 Appointment in 2015<br>4 Grade progressions |
| Middle Manager: Communication & Information Related                                             | 1                   | 11                   | 12                 | Promotion in 2015                                                                        |
| Trade/Industry Advisers & Other Profession                                                      | 3                   | 11                   | 12                 | 3 Grade progressions                                                                     |
| Administrative Related                                                                          | 1                   | 11                   | 12                 | Promotion in 2015                                                                        |
| Business Development Officer                                                                    | 2                   | 9                    | 10                 | 1 Transfer from <b>the dtic</b> in 2015<br>1 Grade progression                           |
| Communication Coordinator                                                                       | 1                   | 9                    | 10                 | Promotion                                                                                |
| Trade/Industry Advisers & Other Profession                                                      | 3                   | 9                    | 10                 | 3 Transfer from <b>the dtic</b> in 2015                                                  |
| Personal Assistant                                                                              | 4                   | 7                    | 8                  | 3 Transfers from <b>the dtic</b> in 2015<br>1 Appointment in 2016                        |
| Risk Management & Security Services                                                             | 1                   | 7                    | 8                  | Transfer from <b>the dtic</b> in 2015                                                    |
| Call or Contract Centre Clerk                                                                   | 2                   | 6                    | 7                  | 2 Promotions in 2015                                                                     |
| Administration Clerks                                                                           | 1                   | 6                    | 7                  | Transfer from <b>the dtic</b> in 2015                                                    |
| Light Vehicle Driver                                                                            | 1                   | 3                    | 5                  | Transfer from <b>dtic</b> in 2015                                                        |
| Messengers                                                                                      | 1                   | 2                    | 3                  | Transfer from <b>the dtic</b> in 2015                                                    |
| <b>Total number of employees whose salaries exceeded the level determined by job evaluation</b> |                     |                      |                    | <b>31</b>                                                                                |
| <b>Percentage of total employed</b>                                                             |                     |                      |                    | <b>8.8%</b>                                                                              |

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 2024 and 31 March 2025**

| Gender       | African   | Asian    | Coloured | White    | Total     |
|--------------|-----------|----------|----------|----------|-----------|
| Female       | 17        | 0        | 1        | 1        | 19        |
| Male         | 11        | 0        | 1        | 0        | 12        |
| <b>Total</b> | <b>28</b> | <b>0</b> | <b>2</b> | <b>1</b> | <b>31</b> |

|                                    |          |          |          |          |          |
|------------------------------------|----------|----------|----------|----------|----------|
| <b>Employees with a disability</b> | <b>1</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>1</b> |
|------------------------------------|----------|----------|----------|----------|----------|

### 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:

|                                                                                                 |      |
|-------------------------------------------------------------------------------------------------|------|
| <b>Total number of Employees whose salaries exceeded the grades determine by job evaluation</b> | 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 2024 and 31 March 2025**

| Salary band                              | Number of employees at beginning of period-1 April 2024 | Appointments and transfers into the department | Terminations and transfers out of the department | Turnover rate |
|------------------------------------------|---------------------------------------------------------|------------------------------------------------|--------------------------------------------------|---------------|
| Lower skilled (Levels 1-2)               | 1                                                       | 0                                              | 0                                                | 0%            |
| Skilled (Levels 3-5)                     | 9                                                       | 1                                              | 1                                                | 11,1%         |
| Highly skilled production (Levels 6-8)   | 82                                                      | 11                                             | 5                                                | 6,1%          |
| Highly skilled supervision (Levels 9-12) | 89                                                      | 10                                             | 4                                                | 4,5%          |
| Senior Management Service Bands A        | 26                                                      | 3                                              | 1                                                | 3,8%          |
| Senior Management Service Bands B        | 8                                                       | 0                                              | 1                                                | 12,5%         |
| Senior Management Service Bands C        | 2                                                       | 0                                              | 0                                                | 0%            |
| Senior Management Service Bands D        | 2                                                       | 2                                              | 2                                                | 100%          |
| Contract (Levels 1-2)                    | 16                                                      | 16                                             | 9                                                | 56,3%         |
| Contract (Levels 3-5)                    | 22                                                      | 21                                             | 23                                               | 104,5%        |
| Contract (Levels 6-8)                    | 5                                                       | 59                                             | 12                                               | 240%          |
| 13 Contract (Levels 9-12)                | 18                                                      | 29                                             | 25                                               | 138,9%        |
| Contract Band A                          | 5                                                       | 3                                              | 4                                                | 80%           |
| Contract Band B                          | 1                                                       | 1                                              | 1                                                | 100%          |
| Contract Band D                          | 0                                                       | 2                                              | 0                                                | 0%            |
| <b>Total</b>                             | <b>286</b>                                              | <b>158</b>                                     | <b>8</b>                                         | <b>30,8%</b>  |

**Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2024 and 31 March 2025**

| Critical occupation                          | Number of employees at beginning of period-April 2024 | Appointments and transfers into the department | Terminations and transfers out of the department | Turnover rate |
|----------------------------------------------|-------------------------------------------------------|------------------------------------------------|--------------------------------------------------|---------------|
| ACCOUNTING TECHNICIAN                        | 0                                                     | 1                                              | 0                                                | 0%            |
| ADMINISTRATION OFFICER                       | 0                                                     | 2                                              | 0                                                | 0%            |
| ADMINISTRATIVE AND GOVERNANCE POLICY MANAGER | 0                                                     | 3                                              | 3                                                | 0%            |
| ADMINISTRATIVE RELATED                       | 38                                                    | 0                                              | 3                                                | 7,9%          |
| ARCHITECTS TOWN AND TRAFFIC PLANNERS         | 2                                                     | 0                                              | 0                                                | 0%            |
| BUSINESS DEVELOPMENT OFFICER                 | 0                                                     | 65                                             | 2                                                | 0%            |
| CARETAKER/ CLEANER                           | 0                                                     | 4                                              | 4                                                | 0%            |
| COMMUNICATION AND INFORMATION RELATED        | 3                                                     | 0                                              | 0                                                | 0%            |
| COMMUNICATION AND MARKETING MANAGER          | 0                                                     | 1                                              | 0                                                | 0%            |
| COMMUNICATION COORDINATOR                    | 1                                                     | 3                                              | 3                                                | 300%          |
| COMMUNICATION STRATEGIST                     | 0                                                     | 0                                              | 1                                                | 0%            |
| COMPLIANCE OFFICER                           | 0                                                     | 1                                              | 1                                                | 0%            |

| Critical occupation                                                      | Number of employees at beginning of period-April 2024 | Appointments and transfers into the department | Terminations and transfers out of the department | Turnover rate |
|--------------------------------------------------------------------------|-------------------------------------------------------|------------------------------------------------|--------------------------------------------------|---------------|
| ECONO.GROWTH&PROMOTION & GLOBAL RELATIONS MANAGER                        | 0                                                     | 2                                              | 2                                                | 0%            |
| ECONOMIST                                                                | 0                                                     | 16                                             | 13                                               | 0%            |
| FINANCE AND ECONOMICS RELATED                                            | 2                                                     | 0                                              | 0                                                | 0%            |
| FINANCE CLERK                                                            | 0                                                     | 0                                              | 1                                                | 0%            |
| FINANCIAL AND RELATED PROFESSIONALS                                      | 9                                                     | 0                                              | 0                                                | 0%            |
| FINANCIAL CLERKS AND CREDIT CONTROLLERS                                  | 5                                                     | 0                                              | 1                                                | 2%            |
| FOOD SERVICES AIDS AND WAITERS                                           | 2                                                     | 0                                              | 0                                                | 0%            |
| FOOD TRADE ASSISTANT                                                     | 0                                                     | 0                                              | 1                                                | 0%            |
| HEADS OF NATIONAL DEPARTMENT                                             | 0                                                     | 1                                              | 0                                                | 0%            |
| HOUSEHOLD AND LAUNDRY WORKERS                                            | 4                                                     | 0                                              | 0                                                | 0%            |
| HUMAN RESOURCE CLERK                                                     | 0                                                     | 3                                              | 3                                                | 0%            |
| HUMAN RESOURCE PRACTITIONER                                              | 10                                                    | 7                                              | 5                                                | 50%           |
| HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT AND RELATED PROFESSIONALS | 5                                                     | 0                                              | 0                                                | 0%            |
| HUMAN RESOURCES CLERKS                                                   | 1                                                     | 0                                              | 0                                                | 0%            |
| HUMAN RESOURCES RELATED                                                  | 11                                                    | 0                                              | 1                                                | 9,1%          |
| INDUSTRIAL/ LABOUR RELATIONS OFFICER                                     | 0                                                     | 0                                              | 1                                                | 0%            |
| INFORMATION TECHNOLOGY RELATED                                           | 3                                                     | 0                                              | 0                                                | 0%            |
| INFRASTRUCTURE COORDINATOR                                               | 0                                                     | 0                                              | 1                                                | 0%            |
| INTERNAL AUDITOR                                                         | 0                                                     | 0                                              | 2                                                | 0%            |
| LANGUAGE PRACTITIONERS INTERPRETERS AND OTHER COMMUN                     | 4                                                     | 0                                              | 1                                                | 25%           |
| LEGAL ADMINISTRATION OFFICER                                             | 0                                                     | 1                                              | 3                                                | 0%            |
| LEGAL RELATED                                                            | 3                                                     | 0                                              | 0                                                | 0%            |
| LIGHT VEHICLE DRIVERS                                                    | 1                                                     | 0                                              | 0                                                | 0%            |
| LOGISTICAL SUPPORT PERSONNEL                                             | 5                                                     | 0                                              | 0                                                | 0%            |
| MESSENGERS PORTERS AND DELIVERERS                                        | 1                                                     | 0                                              | 0                                                | 0%            |
| MIDDLE MANAGER: FINANCE AND ECONOMICS RELATED                            | 20                                                    | 3                                              | 2                                                | 10%           |
| MIDDLE MANAGER: TRADE AND INDUSTRY RELATED                               | 0                                                     | 9                                              | 1                                                | 0%            |
| MIDDLE MANAGER: COMMUNICATION AND INFORMATION RELATED                    | 2                                                     | 1                                              | 0                                                | 0%            |
| OCCUPATIONAL/ JOB ANALYST                                                | 1                                                     | 0                                              | 0                                                | 0%            |
| ORGANISATIONAL DEVELOPMENT PRACTITIONER                                  | 0                                                     | 2                                              | 1                                                | 0%            |
| OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS                         | 1                                                     | 0                                              | 0                                                | 0%            |
| OTHER OCCUPATIONS                                                        | 0                                                     | 3                                              | 1                                                | 0%            |
| PERSONAL ASSISTANT                                                       | 5                                                     | 0                                              | 0                                                | 0%            |
| POLICY ANALYST                                                           | 1                                                     | 4                                              | 0                                                | 0%            |
| PROFESSIONALS NOT ELSEWHERE CLASSIFIED                                   | 0                                                     | 5                                              | 1                                                | 0%            |
| PROFESSIONALS NOT ELSEWHERE CLASSIFIED.                                  | 0                                                     | 3                                              | 0                                                | 0%            |
| RECEPTIONIST (GENERAL)                                                   | 1                                                     | 3                                              | 3                                                | 300%          |

| Critical occupation                                    | Number of employees at beginning of period-April 2024 | Appointments and transfers into the department | Terminations and transfers out of the department | Turnover rate |
|--------------------------------------------------------|-------------------------------------------------------|------------------------------------------------|--------------------------------------------------|---------------|
| RISK MANAGEMENT AND SECURITY SERVICES                  | 10                                                    | 0                                              | 0                                                | 0%            |
| SAFETY/HEALTH&ENVIRON. AND QUALITY(SHE&Q) PRACTITIONER | 1                                                     | 1                                              | 0                                                | 0%            |
| SECRETARIES AND OTHER KEYBOARD OPERATING CLERKS        | 4                                                     | 0                                              | 1                                                | 25%           |
| SECURITY OFFICER                                       | 0                                                     | 12                                             | 13                                               | 0%            |
| SECURITY OFFICERS                                      | 13                                                    | 0                                              | 0                                                | 0%            |
| SENIOR MANAGERS                                        | 44                                                    | 0                                              | 2                                                | 4,5%          |
| SUPPLY CHAIN CLERK                                     | 0                                                     | 1                                              | 1                                                | 0%            |
| SUPPLY CHAIN PRACTITIONER                              | 0                                                     | 1                                              | 0                                                | 0%            |
| TRADE/INDUSTRY ADVISERS AND OTHER RELATED PROFESSION   | 73                                                    | 0                                              | 10                                               | 13,7%         |
| <b>TOTAL</b>                                           | <b>286</b>                                            | <b>158</b>                                     | <b>88</b>                                        | <b>30,8</b>   |

### 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 –
  - 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;
  - 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;
  - where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
  - 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 2024 and 31 March 2025**

| Termination Type                                                     | Number       | % of Total Resignations |
|----------------------------------------------------------------------|--------------|-------------------------|
| Death                                                                | 1            | 1.1%                    |
| Resignation                                                          | 24           | 27,3%                   |
| Expiry of contract                                                   | 62           | 70.5%                   |
| Dismissal – operational changes                                      | 0            | 0%                      |
| Dismissal – misconduct                                               | 0            | 0%                      |
| Dismissal – inefficiency                                             | 0            | 0%                      |
| Discharged due to ill-health                                         | 0            | 0%                      |
| Retirement                                                           | 0            | 0%                      |
| Transfer to other Public Service Departments                         | 1            | 1,1%                    |
| Other                                                                | 0            | 0                       |
| <b>Total</b>                                                         | <b>88</b>    |                         |
| <b>Total number of employees who left as a % of total employment</b> | <b>24,8%</b> | <b>100%</b>             |

**Table 3.5.4 Promotions by critical occupation for the period 1 April 2024 and 31 March 2025**

| Occupation                                                 | Employees 1 April 2024 | 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 |
|------------------------------------------------------------|------------------------|------------------------------------|-----------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| ACCOUNTING TECHNICIAN                                      | 0                      | 0                                  | 0                                                         | 1                                                   | 0                                                   |
| ADMINISTRATION CLERKS                                      | 0                      | 0                                  | 0                                                         | 5                                                   | 0                                                   |
| ADMINISTRATION OFFICER                                     | 0                      | 0                                  | 0                                                         | 3                                                   | 0                                                   |
| ADMINISTRATIVE AND GOVERNANCE POLICY MANAGER               | 0                      | 0                                  | 0                                                         | 3                                                   | 0                                                   |
| ADMINISTRATIVE RELATED                                     | 38                     | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| ARCHITECTS TOWN AND TRAFFIC PLANNERS                       | 2                      | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| BUSINESS DEVELOPMENT OFFICER                               | 0                      | 2                                  | 0                                                         | 38                                                  | 0                                                   |
| CALL OR CONTACT CENTRE CLERK                               | 0                      | 0                                  | 0                                                         | 2                                                   | 0                                                   |
| CAREER DEVELOPMENT PRACTITIONER                            | 0                      | 0                                  | 0                                                         | 2                                                   | 0                                                   |
| COMMUNICATION AND INFORMATION RELATED                      | 3                      | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| COMMUNICATION AND MARKETING MANAGER                        | 0                      | 0                                  | 0                                                         | 2                                                   | 0                                                   |
| COMMUNICATION COORDINATOR                                  | 1                      | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| COMPLIANCE OFFICER                                         | 0                      | 0                                  | 0                                                         | 2                                                   | 0                                                   |
| ECONOMIC GROWTH AND PROMOTION AND GLOBAL RELATIONS MANAGER | 0                      | 0                                  | 0                                                         | 12                                                  | 0                                                   |
| ECONOMIST                                                  | 0                      | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| EMPLOYEE WELLNESS PRACTITIONER                             | 0                      | 0                                  | 0                                                         | 1                                                   | 0                                                   |
| FILING AND REGISTRY CLERK                                  | 0                      | 0                                  | 0                                                         | 1                                                   | 0                                                   |
| FINANCE AND ECONOMICS RELATED                              | 2                      | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| FINANCE CLERK                                              | 0                      | 0                                  | 0                                                         | 3                                                   | 0                                                   |
| FINANCE MANAGER                                            | 0                      | 1                                  | 0                                                         | 1                                                   | 0                                                   |
| FINANCIAL ACCOUNTANT                                       | 0                      | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| FINANCIAL AND RELATED PROFESSIONALS                        | 9                      | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| FINANCIAL CLERKS AND CREDIT CONTROLLERS                    | 5                      | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| FOOD SERVICES AIDS AND WAITERS                             | 2                      | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| HOUSEHOLD AND LAUNDRY WORKERS                              | 4                      | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| HUMAN RESOURCE CLERK                                       | 0                      | 0                                  | 0                                                         | 2                                                   | 0                                                   |

| Occupation                                                              | Employees 1 April 2024 | 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 RESOURCE PRACTITIONER                                             | 10                     | 0                                  | 0                                                         | 1                                                   | 10%                                                 |
| HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT AND RELATE PROFESSIONALS | 5                      | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| HUMAN RESOURCES CLERKS                                                  | 1                      | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| HUMAN RESOURCES RELATED                                                 | 11                     | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| INFORMATION TECHNOLOGY RELATED                                          | 3                      | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| INFRASTRUCTURE COORDINATOR                                              | 0                      | 0                                  | 0                                                         | 2                                                   | 0                                                   |
| INTERNAL AUDIT MANAGER                                                  | 0                      | 0                                  | 0                                                         | 1                                                   | 0                                                   |
| INTERNAL AUDITOR                                                        | 0                      | 0                                  | 0                                                         | 2                                                   | 0                                                   |
| LANGUAGE PRACTITIONERS INTERPRETERS AND OTHER COMMUN                    | 4                      | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| LEGAL ADMINISTRATION OFFICER                                            | 0                      | 0                                  | 0                                                         | 1                                                   | 0                                                   |
| LEGAL RELATED                                                           | 3                      | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| LEGAL RELATED MANAGER                                                   | 0                      | 0                                  | 0                                                         | 1                                                   | 0                                                   |
| LIGHT VEHICLE DRIVER                                                    | 0                      | 0                                  | 0                                                         | 1                                                   | 0                                                   |
| LIGHT VEHICLE DRIVERS                                                   | 1                      | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| LOGISTICAL SUPPORT PERSONNEL                                            | 5                      | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| MESSENGERS                                                              | 0                      | 0                                  | 0                                                         | 1                                                   | 0                                                   |
| MESSENGERS PORTERS AND DELIVERERS                                       | 1                      | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| MIDD.MANAGER: HUMAN RESOURCE AND ORGANISATIONAL DEVELOPMENT RELATED     | 0                      | 0                                  | 0                                                         | 4                                                   | 0                                                   |
| MIDDLE MANAGER: ADMINISTRATIVE RELATED                                  | 0                      | 0                                  | 0                                                         | 4                                                   | 0                                                   |
| MIDDLE MANAGER: FINANCE AND ECONOMICS RELATED                           | 2                      | 0                                  | 0                                                         | 3                                                   | 150%                                                |
| MIDDLE MANAGER: INTERNAL AUDIT RELATED                                  | 0                      | 0                                  | 0                                                         | 1                                                   | 0                                                   |
| MIDDLE MANAGER: TRADE AND INDUSTRY RELATED                              | 0                      | 1                                  | 0                                                         | 1                                                   | 0                                                   |
| MIDDLE MANAGER: COMMUNICATION AND INFORMATION RELATED                   | 2                      | 0                                  | 0                                                         | 1                                                   | 50%                                                 |
| OCCUPATIONAL/ JOB ANALYST                                               | 1                      | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| ORGANISATIONAL DEVELOPMENT PRACTITIONER                                 | 0                      | 0                                  | 0                                                         | 2                                                   | 0                                                   |

| Occupation                                            | Employees 1 April 2024 | 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 |
|-------------------------------------------------------|------------------------|------------------------------------|-----------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS      | 1                      | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| OTHER CLERICAL SUPPORT WORKERS                        | 0                      | 0                                  | 0                                                         | 1                                                   | 0                                                   |
| PERSONAL ASSISTANT                                    | 5                      | 0                                  | 0                                                         | 1                                                   | 20%                                                 |
| POLICY ANALYST                                        | 1                      | 0                                  | 0                                                         | 2                                                   | 200%                                                |
| PROFESSIONALS NOT ELSEWHERE CLASSIFIED.               | 0                      | 0                                  | 0                                                         | 1                                                   | 0                                                   |
| RECEPTIONIST (GENERAL)                                | 1                      | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| RISK MANAGEMENT AND SECURITY SERVICES                 | 1                      | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| RISK OFFICER                                          | 0                      | 0                                  | 0                                                         | 1                                                   | 0                                                   |
| SAFETY/HEALTH&ENVIRON AND QUALITY(SHE&Q) PRACTITIONER | 1                      | 0                                  | 0                                                         | 1                                                   | 100%                                                |
| SECRETARIES AND OTHER KEYBOARD OPERATING CLERKS       | 4                      | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| SECURITY OFFICER                                      | 0                      | 0                                  | 0                                                         | 1                                                   | 0                                                   |
| SECURITY OFFICERS                                     | 13                     | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| SENIOR MANAGERS                                       | 44                     | 0                                  | 0                                                         | 0                                                   | 0                                                   |
| STRATEGY/MONITORING AND EVALUATION MANAGER            | 0                      | 1                                  | 0                                                         | 1                                                   | 0                                                   |
| SUPPLY CHAIN CLERK                                    | 0                      | 0                                  | 0                                                         | 2                                                   | 0                                                   |
| SUPPLY CHAIN PRACTITIONER                             | 0                      | 0                                  | 0                                                         | 1                                                   | 0                                                   |
| TRADE/INDUSTRY ADVISERS AND OTHER RELATED PROFESSION  | 73                     | 1                                  | 1,7%                                                      | 1                                                   | 1,4%                                                |
| <b>TOTAL</b>                                          | <b>286</b>             | <b>6</b>                           | <b>2,1%</b>                                               | <b>117</b>                                          | <b>40,9%</b>                                        |

Table 3.5.5 Promotions by salary band for the period 1 April 2024 and 31 March 2025

| Salary Band                              | Employees 1 April 2024 | 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)               | 17                     | 0                                  | 0                                                           | 8                                                   | 47%                                                   |
| Skilled (Levels 3-5)                     | 31                     | 0                                  | 0                                                           | 7                                                   | 22,6%                                                 |
| Highly skilled production (Levels 6-8)   | 87                     | 0                                  | 0                                                           | 36                                                  | 41,3%                                                 |
| Highly skilled supervision (Levels 9-12) | 107                    | 4                                  | 3,7%                                                        | 45                                                  | 42%                                                   |
| Senior Management (Level 13-16)          | 44                     | 2                                  | 4,5%                                                        | 21                                                  | 47,7%                                                 |
| <b>Total</b>                             | <b>286</b>             | <b>5</b>                           | <b>2,1%</b>                                                 | <b>117</b>                                          | <b>40,9%</b>                                          |

### 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 2025**

| Occupational category                                  | Male       |          |          |          | Female     |          |          |          | Total      |
|--------------------------------------------------------|------------|----------|----------|----------|------------|----------|----------|----------|------------|
|                                                        | African    | Coloured | Indian   | White    | African    | Coloured | Indian   | White    |            |
| Legislators, senior officials, and managers            | 18         | 1        | 2        | 0        | 22         | 1        | 0        | 2        | 46         |
| Professionals                                          | 42         | 2        | 0        | 1        | 70         | 1        | 0        | 1        | 117        |
| Technicians and associate professionals                | 56         | 0        | 0        | 0        | 78         | 0        | 0        | 1        | 135        |
| Clerks                                                 | 10         | 0        | 1        | 0        | 23         | 1        | 0        | 0        | 35         |
| Protect Rescue Social Health Science Support Personnel | 9          | 0        | 0        | 0        | 4          | 0        | 0        | 0        | 13         |
| Plant and machine operators and assemblers             | 1          | 0        | 0        | 0        | 0          | 0        | 0        | 0        | 1          |
| Elementary occupations                                 | 1          | 0        | 0        | 0        | 5          | 0        | 0        | 0        | 6          |
| <b>Total</b>                                           | <b>137</b> | <b>3</b> | <b>3</b> | <b>1</b> | <b>202</b> | <b>3</b> | <b>0</b> | <b>4</b> | <b>353</b> |
| <b>Employees with disabilities</b>                     | <b>5</b>   | <b>0</b> | <b>0</b> | <b>1</b> | <b>8</b>   | <b>0</b> | <b>0</b> | <b>0</b> | <b>14</b>  |

**Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2025**

| Occupational band                                                                                                 | Male       |          |          |          | Female     |          |          |          | Total      |
|-------------------------------------------------------------------------------------------------------------------|------------|----------|----------|----------|------------|----------|----------|----------|------------|
|                                                                                                                   | African    | Coloured | Indian   | White    | African    | Coloured | Indian   | White    |            |
| Top Management                                                                                                    | 1          | 0        | 0        | 0        | 3          | 0        | 0        | 0        | 4          |
| Senior Management                                                                                                 | 17         | 1        | 2        | 0        | 19         | 1        | 0        | 2        | 42         |
| Professionally qualified and experienced specialists and mid-management                                           | 42         | 2        | 0        | 1        | 70         | 1        | 0        | 1        | 117        |
| Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents | 55         | 0        | 0        | 0        | 81         | 1        | 0        | 1        | 138        |
| Semi-skilled and discretionary decision making                                                                    | 22         | 0        | 1        | 0        | 28         | 0        | 0        | 0        | 51         |
| Unskilled and defined decision making                                                                             | 0          | 0        | 0        | 0        | 1          | 0        | 0        | 0        | 1          |
| <b>Total</b>                                                                                                      | <b>137</b> | <b>3</b> | <b>3</b> | <b>1</b> | <b>202</b> | <b>3</b> | <b>0</b> | <b>4</b> | <b>353</b> |

**Table 3.6.3 Recruitment for the period 1 April 2024 to 31 March 2025**

| Occupational band                                                                                                 | Male      |          |          |          | Female    |          |          |          | Total      |
|-------------------------------------------------------------------------------------------------------------------|-----------|----------|----------|----------|-----------|----------|----------|----------|------------|
|                                                                                                                   | African   | Coloured | Indian   | White    | African   | Coloured | Indian   | White    |            |
| Top Management                                                                                                    | 1         | 0        | 0        | 0        | 1         | 0        | 0        | 0        | 2          |
| Senior Management                                                                                                 | 5         | 0        | 0        | 0        | 3         | 0        | 0        | 0        | 8          |
| Professionally qualified and experienced specialists and mid-management                                           | 20        | 0        | 0        | 0        | 28        | 0        | 0        | 0        | 48         |
| Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents | 37        | 0        | 0        | 0        | 35        | 0        | 0        | 0        | 72         |
| Semi-skilled and discretionary decision making                                                                    | 17        | 0        | 0        | 0        | 21        | 0        | 0        | 0        | 38         |
| Unskilled and defined decision making                                                                             | 0         | 0        | 0        | 0        | 0         | 0        | 0        | 0        | 0          |
| <b>Total</b>                                                                                                      | <b>80</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>88</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>168</b> |
| <b>Employees with disabilities</b>                                                                                | <b>2</b>  | <b>0</b> | <b>0</b> | <b>0</b> | <b>3</b>  | <b>0</b> | <b>0</b> | <b>0</b> | <b>5</b>   |

**Table 3.6.4 Promotions for the period 1 April 2024 to 31 March 2025**

| Occupational band                                                                                                 | Male     |          |          |          | Female   |          |          |          | Total    |
|-------------------------------------------------------------------------------------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
|                                                                                                                   | African  | Coloured | Indian   | White    | African  | Coloured | Indian   | White    |          |
| Top Management                                                                                                    | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        |
| Senior Management                                                                                                 | 1        | 0        | 0        | 0        | 1        | 0        | 0        | 0        | 2        |
| Professionally qualified and experienced specialists and mid-management                                           | 1        | 0        | 0        | 0        | 3        | 0        | 0        | 0        | 4        |
| Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        |
| Semi-skilled and discretionary decision making                                                                    | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        |
| Unskilled and defined decision making                                                                             | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        |
| <b>Total</b>                                                                                                      | <b>2</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>4</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>6</b> |
| <b>Employees with disabilities</b>                                                                                | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |

**Table 3.6.5 Terminations for the period 1 April 2024 to 31 March 2025**

| Occupational band                                                                                                 | Male      |          |          |          | Female    |          |          |          | Total     |
|-------------------------------------------------------------------------------------------------------------------|-----------|----------|----------|----------|-----------|----------|----------|----------|-----------|
|                                                                                                                   | African   | Coloured | Indian   | White    | African   | Coloured | Indian   | White    |           |
| Top Management                                                                                                    | 0         | 0        | 0        | 0        | 1         | 0        | 0        | 0        | 1         |
| Senior Management                                                                                                 | 5         | 0        | 0        | 0        | 2         | 0        | 0        | 0        | 7         |
| Professionally qualified and experienced specialists and mid-management                                           | 14        | 0        | 0        | 0        | 15        | 0        | 0        | 0        | 29        |
| Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents | 7         | 0        | 0        | 0        | 9         | 0        | 0        | 0        | 16        |
| Semi-skilled and discretionary decision making                                                                    | 18        | 0        | 0        | 0        | 15        | 0        | 0        | 0        | 33        |
| Unskilled and defined decision making                                                                             | 0         | 0        | 0        | 0        | 0         | 0        | 0        | 0        | 0         |
| <b>Total</b>                                                                                                      | <b>44</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>42</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>86</b> |
| <b>Employees with Disabilities</b>                                                                                | <b>0</b>  | <b>0</b> | <b>0</b> | <b>0</b> | <b>1</b>  | <b>0</b> | <b>0</b> | <b>0</b> | <b>1</b>  |

**Table 3.6.6 Disciplinary action for the period 1 April 2024 to 31 March 2025**

| Disciplinary action                  | Male    |          |        |       | Female  |          |        |       | Total |
|--------------------------------------|---------|----------|--------|-------|---------|----------|--------|-------|-------|
|                                      | African | Coloured | Indian | White | African | Coloured | Indian | White |       |
| Non-compliance                       | 1       | 0        | 0      | 0     | 1       | 0        | 0      | 0     | 2     |
| Gross negligence                     | 0       | 0        | 0      | 0     | 2       | 0        | 0      | 0     | 2     |
| Failure to disclose interest         | 1       | 0        | 0      | 0     | 0       | 0        | 0      | 0     | 1     |
| Failure to follow lawful instruction | 2       | 0        | 0      | 0     | 0       | 0        | 0      | 0     | 2     |
| Irregular expenditure                | 0       | 0        | 0      | 0     | 2       | 0        | 0      | 1     | 3     |

**Table 3.6.7 Skills development for the period 1 April 2024 to 31 March 2025**

| Occupational category                       | Male      |          |          |          | Female    |          |          |          | Total      |
|---------------------------------------------|-----------|----------|----------|----------|-----------|----------|----------|----------|------------|
|                                             | African   | Coloured | Indian   | White    | African   | Coloured | Indian   | White    |            |
| Legislators, senior officials, and managers | 5         | 0        | 2        | 0        | 10        | 0        | 0        | 0        | 17         |
| Professionals                               | 24        | 2        | 0        | 1        | 43        | 1        | 0        | 1        | 72         |
| Technicians and associate professionals     | 17        | 0        | 0        | 0        | 32        | 0        | 0        | 0        | 49         |
| Clerks                                      | 9         | 0        | 0        | 0        | 14        | 0        | 0        | 0        | 23         |
| Service and sales workers                   | 0         | 0        | 0        | 0        | 0         | 0        | 0        | 0        | 0          |
| Skilled agriculture and fishery workers     | 0         | 0        | 0        | 0        | 0         | 0        | 0        | 0        | 0          |
| Craft and related trades workers            | 0         | 0        | 0        | 0        | 0         | 0        | 0        | 0        | 0          |
| Plant and machine operators and assemblers  | 0         | 0        | 0        | 0        | 0         | 0        | 0        | 0        | 0          |
| Elementary occupations                      | 0         | 0        | 0        | 0        | 0         | 0        | 0        | 0        | 0          |
| <b>Total</b>                                | <b>55</b> | <b>2</b> | <b>2</b> | <b>1</b> | <b>99</b> | <b>1</b> | <b>0</b> | <b>1</b> | <b>161</b> |
| <b>Employees with disabilities</b>          | <b>1</b>  | <b>0</b> | <b>0</b> | <b>1</b> | <b>2</b>  | <b>0</b> | <b>0</b> | <b>0</b> | <b>4</b>   |

### 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 2024**

| 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                                | 0                           | 0                                             | 0%                                                                |
| Salary Level 16                        | 1                                | 0                           | 0                                             | 0%                                                                |
| Salary Level 15                        | 3                                | 2                           | 2                                             | 100%                                                              |
| Salary Level 14                        | 11                               | 9                           | 9                                             | 100%                                                              |
| Salary Level 13                        | 34                               | 29                          | 26                                            | 89.6%                                                             |
| Employment additional to establishment | 0                                | 2                           | 2                                             | 100%                                                              |
| <b>Total</b>                           | <b>50</b>                        | <b>42</b>                   | <b>39</b>                                     | <b>93%</b>                                                        |

#### 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 2025.

**Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2025**

| Reasons                                                                                                                     |
|-----------------------------------------------------------------------------------------------------------------------------|
| Chief of Staff - PA not submitted. No reasons given for non-submission of PA.                                               |
| Media Liaison Officer - PA not submitted. No reasons given for non-submission of PA. Employee has since terminated service. |
| Private & Appointment Secretary – PA not submitted. No reasons given for non-submission of PA.                              |
| Parliamentary Officer – PA not submitted. No reasons given for non-submission of PA.                                        |

#### 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 2025**

| Reasons                                                                                                            |
|--------------------------------------------------------------------------------------------------------------------|
| Chief of Staff - PA not submitted. No reasons given for non-submission of PA.                                      |
| Media Liaison Officer. Referred for Consequence Management. Employee terminated service during the financial year. |
| Private & Appointment Secretary. Consequence Management implemented & in progress.                                 |
| Parliamentary Officer. Consequence Management implemented & in progress.                                           |

#### 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 2024 to 31 March 2025**

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

**Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2024 to 31 March 2025**

| 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                                                    |
| <b>Total</b>                            | <b>0</b>                | <b>0</b>            | <b>0</b>                       | <b>0</b>           | <b>0</b>                  | <b>0</b>                                             |

**Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2024 to 31 March 2025**

| 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                         |
| <b>Total</b>        | <b>0</b>                | <b>0</b>            | <b>0</b>                     | <b>0</b>           | <b>0</b>                  |

**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 –
  - 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;
  - 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;
  - where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
  - 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 2024 to 31 March 2025**

| 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                                                    |
| <b>Total</b> | <b>0</b>                | <b>0</b>            | <b>0</b>                       | <b>0</b>           | <b>0</b>                  | <b>0</b>                                             |

### 3.9. Foreign Workers

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

**Table 3.9.1 Foreign workers by salary band for the period 1 April 2024 and 31 March 2025**

| Salary band                            | 01 April 2024 |            | 31 March 2025 |            | 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        |
| <b>Total</b>                           | <b>0</b>      | <b>0</b>   | <b>0</b>      | <b>0</b>   | <b>0</b> | <b>0</b> |

**Table 3.9.2 Foreign workers by major occupation for the period 1 April 2024 and 31 March 2025**

| Major occupation | 01 April 2024 |            | 31 March 2025 |            | 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 2024 to 31 December 2024**

| Salary band                              | Total days | % Days with Medical certification | Number of Employees using sick leave | % of total employees using sick leave | Average days per employee | Estimated Cost (R'000) |
|------------------------------------------|------------|-----------------------------------|--------------------------------------|---------------------------------------|---------------------------|------------------------|
| Lower Skills (Level 1-2)                 | 0          | 0                                 | 0                                    | 0                                     | 0                         | 0                      |
| Skilled (levels 3-5)                     | 17         | 82,4                              | 4                                    | 2,8                                   | 4                         | 18,00                  |
| Highly skilled production (levels 6-8)   | 288        | 85,7                              | 57                                   | 40,1                                  | 5                         | 536,00                 |
| Highly skilled supervision (levels 9-12) | 374        | 188,7                             | 53                                   | 37,3                                  | 7                         | 1166,00                |
| Top and Senior management (levels 13-16) | 179        | 91,1                              | 22                                   | 15,5                                  | 8                         | 961,00                 |
| Contract Other (Interns)                 | 22         | 63,6                              | 6                                    | 4,2                                   | 4                         | 10,00                  |
| <b>Total</b>                             | <b>880</b> | <b>87,5</b>                       | <b>142</b>                           | <b>100</b>                            | <b>6</b>                  | <b>2 690,00</b>        |

**Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2024 to 31 December 2024**

| 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)   | 7          | 100                               | 1                                          | 2,9%                                        | 7                         | 8,00                   |
| Highly skilled supervision (Levels 9-12) | 41         | 100                               | 3                                          | 1,2%                                        | 14                        | 103,00                 |
| Senior management (Levels 13-16)         | 16         | 100                               | 1                                          | 2,2%                                        | 16                        | 58,00                  |
| <b>Total</b>                             | <b>64</b>  | <b>100</b>                        | <b>5</b>                                   | <b>1,5%</b>                                 | <b>13</b>                 | <b>169,00</b>          |

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 2024 to 31 December 2024**

| Salary band                              | Total days taken | Number of Employees using annual leave | Average per employee |
|------------------------------------------|------------------|----------------------------------------|----------------------|
| Lower skilled (Levels 1-2)               | 3                | 3                                      | 1                    |
| Skilled Levels 3-5)                      | 318              | 27                                     | 12                   |
| Highly skilled production (Levels 6-8)   | 1 752            | 28                                     | 63                   |
| Highly skilled supervision (Levels 9-12) | 2 184            | 25                                     | 87                   |
| Senior management (Levels 13-16)         | 1019             | 29                                     | 35                   |
| Contract other (Interns)                 | 267              | 9                                      | 30                   |
| <b>Total</b>                             | <b>5 543</b>     | <b>121</b>                             | <b>46</b>            |

**Table 3.10.4 Capped leave for the period 1 January 2024 to 31 December 2024**

| 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 2025 |
|------------------------------------------|----------------------------------|----------------------------------------|-------------------------------------------|-------------------------------------------------------|
| 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                                         | 0,5                                                   |
| Highly skilled supervision (Levels 9-12) | 0                                | 0                                      | 0                                         | 71                                                    |
| Senior management (Levels 13-16)         | 0                                | 0                                      | 0                                         | 23                                                    |
| Contract Other (Interns)                 | 0                                | 0                                      | 0                                         | 0                                                     |
| <b>Total</b>                             | <b>0</b>                         | <b>0</b>                               | <b>0</b>                                  | <b>32</b>                                             |

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 2024 and 31 March 2025**

| Reason                                                                          | Total amount (R'000) | Number of employees | Average per employee (R'000) |
|---------------------------------------------------------------------------------|----------------------|---------------------|------------------------------|
| Leave payout for 2023/24 due to non-utilisation of leave for the previous cycle | 0                    | 0                   | 0                            |
| Capped leave payouts on termination of service for 2024/25                      | 0                    | 0                   | 0                            |
| Current leave payout on termination of service for 2024/25                      | 751,00               | 29                  | 24,00                        |
| <b>Total</b>                                                                    |                      |                     |                              |

### 3.11. HIV/AIDS & Health Promotion Programmes

**Table 3.11.1 Steps taken to reduce the risk of occupational exposure**

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

**Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes (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: Organisational Development and Human Resources 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. | √   |    | <ol style="list-style-type: none"> <li>The Sub-directorate: EHW is dedicated to the Health and Wellness of Employees.</li> <li>The unit comprises two (2) employees and is supported by an EHW Service Provider (Lyra SA) from February 2022, rendering Psycho-Social Counselling</li> <li>The estimated budget for the EHW programme is R862,000.00.</li> </ol>                                                                                                                            |
| 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.                                                                                                           | √   |    | <ol style="list-style-type: none"> <li>A Health Programme has been implemented, focusing on the implementation of the National Health Calendar.</li> <li>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.</li> <li>General Health Screening, including HIV/AIDS (HCT) programme, to resume during the current financial year.</li> </ol> |
| 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 &amp; Wellness Committee, categorised as follows:</p> <p><b>First Aiders</b></p> <ul style="list-style-type: none"> <li>Itumeleng Lenkoe</li> <li>Emerencia Fenyane</li> <li>Portia Malatji</li> <li>Sinamile Cele</li> </ul> <p><b>Fire Fighters/ Fire Marshalls</b></p> <ul style="list-style-type: none"> <li>Sinamile Cele</li> <li>Jacob Elane</li> </ul>                                                                                       |

| Question                                                                                                                                                                                                                              | Yes | No | Details, if yes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                       |     |    | <b>Evacuation Officers</b> <ul style="list-style-type: none"> <li>Shirley Maabela (Employee Health and Wellness Programme Manager)</li> <li>Nompumelelo Radebe (Facilities and Auxiliary Services)</li> <li>Rejoyce Maudu (OHS /Wellness Practitioner)</li> <li>Mmapula Monyepao (Facilities Management)</li> <li>Kwena Makibela (Security Management Manager)</li> <li>Hansraj Kidsingh (Facilities and Security Management)</li> </ul> <b>Health and Safety Representatives</b> <ul style="list-style-type: none"> <li>Perry Bopape</li> <li>Tsietsi Thinane</li> <li>Gugu Sithole</li> </ul> <b>Wellness Buddies / Peer Educators</b> <ul style="list-style-type: none"> <li>Thandeka Nxumalo</li> <li>Mandla Sithole</li> <li>Tsietsi Thinane</li> </ul> <b>Labour Representatives</b> <ul style="list-style-type: none"> <li>Ramadimetja Lekganyane</li> <li>Sylvia Mabusela</li> <li>Portia Malatji</li> </ul> <b>Employee Relations Representatives</b> <ul style="list-style-type: none"> <li>Thapelo Malete</li> </ul> <b>Additional Member</b> <ul style="list-style-type: none"> <li>Phetheho Podile</li> </ul> |
| 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. | √   |    | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 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 are 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 HIV/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 2024/2025 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 administer 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 2024 and 31 March 2025**

| Subject matter                        | Date |
|---------------------------------------|------|
| Total number of Collective agreements | None |

#### 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 2024 and 31 March 2025**

| Outcomes of disciplinary hearings | Number   | % of total  |
|-----------------------------------|----------|-------------|
| Correctional counselling          | 4        | 44,44%      |
| Verbal warning                    | 0        | 0%          |
| Written warning                   | 3        | 33,34%      |
| Final written warning             | 1        | 11,11%      |
| Suspended without pay             | 0        | 0%          |
| Fine                              | 0        | 0%          |
| Demotion                          | 0        | 0%          |
| Dismissal                         | 0        | 0%          |
| Not guilty                        | 0        | 0%          |
| Case withdrawn                    | 0        | 0%          |
| Pending                           | 1        | 11,11%      |
| <b>Total</b>                      | <b>9</b> | <b>100%</b> |

#### 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 2024 and 31 March 2025**

| Type of misconduct                      | Number    | % of total  |
|-----------------------------------------|-----------|-------------|
| Non-compliance PMDS                     | 2         | 20%         |
| Gross Negligence                        | 2         | 20%         |
| Failure to disclose interest            | 1         | 10%         |
| Failure to adhere to lawful instruction | 2         | 20%         |
| Irregular Expenditure                   | 3         | 30%         |
| <b>Total</b>                            | <b>10</b> | <b>100%</b> |

**Table 3.12.4 Grievances logged for the period 1 April 2024 and 31 March 2025**

| Grievances                        | Number | % of Total |
|-----------------------------------|--------|------------|
| Number of grievances resolved     | 10     | 90,9%      |
| Number of grievances not resolved | 1      | 9,1%       |
| Total number of grievances lodged | 11     | 100        |

**Table 3.12.5 Disputes logged with Councils for the period 1 April 2024 and 31 March 2025**

| Disputes                        | Number | % of Total |
|---------------------------------|--------|------------|
| Number of disputes upheld       | n/a    |            |
| Number of disputes dismissed    | n/a    |            |
| Total number of disputes lodged | n/a    |            |

**Table 3.12.6 Strike actions for the period 1 April 2024 and 31 March 2025**

|                                                        |      |
|--------------------------------------------------------|------|
| 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) | None |

**Table 3.12.7 Precautionary suspensions for the period 1 April 2024 and 31 March 2025**

|                                                    |     |
|----------------------------------------------------|-----|
| Number of people suspended                         | 0   |
| Number of people whose suspension exceeded 30 days | 0   |
| Average number of days suspended                   | 0   |
| Cost of suspension(R'000)                          | n/a |

### 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 2024 and 31 March 2025**

| Occupational category                       | Gender | Number of employees as at 1 April 2024 | 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 | 23                                     | 0                                                          | 13                                      | 0                       | 13    |
|                                             | Male   | 21                                     | 0                                                          | 17                                      | 0                       | 17    |
| Professionals                               | Female | 62                                     | 0                                                          | 25                                      | 0                       | 25    |
|                                             | Male   | 42                                     | 0                                                          | 20                                      | 0                       | 20    |
| Technicians and associate professionals     | Female | 62                                     | 0                                                          | 19                                      | 0                       | 19    |
|                                             | Male   | 28                                     | 0                                                          | 21                                      | 0                       | 21    |
| Clerks                                      | Female | 24                                     | 0                                                          | 10                                      | 0                       | 10    |
|                                             | Male   | 24                                     | 0                                                          | 8                                       | 0                       | 3     |
| 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     |

| Occupational category                      | Gender        | Number of employees as at 1 April 2024 | Training needs identified at start of the reporting period |                                         |                         |            |
|--------------------------------------------|---------------|----------------------------------------|------------------------------------------------------------|-----------------------------------------|-------------------------|------------|
|                                            |               |                                        | Learnerships                                               | Skills Programmes & other short courses | Other forms of training | Total      |
| 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          |
| <b>Sub Total</b>                           | <b>Female</b> | <b>171</b>                             | <b>0</b>                                                   | <b>67</b>                               | <b>0</b>                | <b>67</b>  |
|                                            | <b>Male</b>   | <b>115</b>                             | <b>0</b>                                                   | <b>66</b>                               | <b>0</b>                | <b>66</b>  |
| <b>Total</b>                               |               | <b>286</b>                             | <b>0</b>                                                   | <b>133</b>                              | <b>0</b>                | <b>133</b> |

Table 3.13.2 Training provided for the period 1 April 2024 and 31 March 2025

| Occupational category                       | Gender        | Number of employees as at 1 April 2024 | Training provided within the reporting period |                                         |                         |            |
|---------------------------------------------|---------------|----------------------------------------|-----------------------------------------------|-----------------------------------------|-------------------------|------------|
|                                             |               |                                        | Learnerships                                  | Skills Programmes & other short courses | Other forms of training | Total      |
| Legislators, senior officials, and managers | Female        | 23                                     | 0                                             | 10                                      | 0                       | 10         |
|                                             | Male          | 21                                     | 0                                             | 7                                       | 0                       | 7          |
| Professionals                               | Female        | 62                                     | 0                                             | 45                                      | 0                       | 45         |
|                                             | Male          | 42                                     | 0                                             | 27                                      | 0                       | 27         |
| Technicians and associate professionals     | Female        | 62                                     | 0                                             | 32                                      | 0                       | 32         |
|                                             | Male          | 28                                     | 0                                             | 17                                      | 0                       | 17         |
| Clerks                                      | Female        | 24                                     | 0                                             | 14                                      | 0                       | 14         |
|                                             | Male          | 24                                     | 0                                             | 9                                       | 0                       | 9          |
| 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          |
| <b>Sub Total</b>                            | <b>Female</b> | <b>171</b>                             | <b>0</b>                                      | <b>101</b>                              | <b>0</b>                | <b>101</b> |
|                                             | <b>Male</b>   | <b>115</b>                             | <b>0</b>                                      | <b>60</b>                               | <b>0</b>                | <b>60</b>  |
| <b>Total</b>                                |               | <b>286</b>                             | <b>0</b>                                      | <b>161</b>                              | <b>0</b>                | <b>161</b> |

### 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 2024 and 31 March 2025**

| Nature of injury on duty              | Number   | % of total |
|---------------------------------------|----------|------------|
| Required basic medical attention only | 2        | 100        |
| Temporary Total Disablement           | 0        | 0          |
| Disablement                           | 0        | 0          |
| Fatal                                 | 0        | 0          |
| <b>Total</b>                          | <b>2</b> | <b>100</b> |

### 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 2024 and 31 March 2025**

| Project title                                                                                                                                                        | Total number of consultants that worked on project | Duration (work days) | Contract value in Rand |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|----------------------|------------------------|
| Recruitment conducting personnel suitability checks                                                                                                                  | 1                                                  | 30                   | R 306 687.75           |
| Recruitment conducting personnel suitability checks                                                                                                                  | 1                                                  | 30                   | R 427 655.25           |
| Recruitment conducting personnel suitability checks                                                                                                                  | 1                                                  | 30                   | R 257 926.75           |
| Recruitment conducting personnel suitability checks                                                                                                                  | 1                                                  | 30                   | R 3 455.00             |
| Audit Committee Fee                                                                                                                                                  | 1                                                  | 30                   | R 217 510.66           |
| Contractors Casual Labourers                                                                                                                                         | 1                                                  | 30                   | R 167 452.62           |
| Business Advisory Services consulting Human Resources                                                                                                                | 1                                                  | 30                   | R 45 041.86            |
| Business Advisory Services consulting Human Resources                                                                                                                | 1                                                  | 30                   | R 28 006.65            |
| Business Advisory Services consulting Human Resources                                                                                                                | 1                                                  | 30                   | R 56 013.30            |
| Contractors Artists and Performers                                                                                                                                   | 1                                                  | 30                   | R 127 000.00           |
| Contractors Artists and Performers                                                                                                                                   | 1                                                  | 30                   | R 162 500.00           |
| Employee and Organisation Enhancement counselling services                                                                                                           | 1                                                  | 30                   | R 110 657.77           |
| Contractors transport and Relocation services                                                                                                                        | 1                                                  | 30                   | R 72 267.50            |
| contractors Security Services                                                                                                                                        | 1                                                  | 30                   | R 20 000.00            |
| To assist the Department on challenges and support required by SMMEs and co-operatives in the national priority sectors focusing on the short, medium, and long term | 1                                                  | 30                   | R 726 480.51           |

| Project title                                                                                                                                                     | Total number of consultants that worked on project | Duration (work days) | Contract value in Rand |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|----------------------|------------------------|
| To support the Department of Small Business Development to Develop and update of the National Entrepreneurship strategy.                                          | 1                                                  | 30                   | R 396 750.00           |
| Conducting a Longitudinal Study of SMMEs and Co-operatives in South Africa covering the period 2021-2024                                                          | 1                                                  | 30                   | R 131 387.50           |
| Upskilling Training and Mentorship                                                                                                                                | 1                                                  | 30                   | R 689 137.50           |
| Facilitator for red tape reduction on Monitoring and evaluation                                                                                                   | 1                                                  | 30                   | R 128 400.00           |
| Advisory consulting technical expertise on the value chain assessment for the construction industry related to the growth and sustainability of small enterprises | 1                                                  | 30                   | R 297 500.00           |
| CSIR Cannabis and Hemp Pilot Project                                                                                                                              | 1                                                  | 30                   | R 1 500 000.00         |
| Legal Services Advice/State Attorney                                                                                                                              | 1                                                  | 30                   | R 132 767.50           |
| Project Management                                                                                                                                                | 1                                                  | 30                   | R 1 552 909.47         |
| Contractors Event Promoters                                                                                                                                       | 1                                                  | 30                   | 120 000.00             |
| Business Advisory consulting services translator and transcript services                                                                                          | 1                                                  | 30                   | 34 356.24              |

| Total number of projects | Total individual consultants | Total duration Work days | Total contract value in Rand |
|--------------------------|------------------------------|--------------------------|------------------------------|
| 25                       | 25                           | 750                      | R 7 711 863.83               |

**Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDI) for the period 1 April 2024 and 31 March 2025**

| Project title                                                                                                                | Percentage ownership by HDI groups | Percentage management by HDI groups          | Number of consultants from HDI groups that work on the project |
|------------------------------------------------------------------------------------------------------------------------------|------------------------------------|----------------------------------------------|----------------------------------------------------------------|
| 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                                                              |
| Audit Committee Fee                                                                                                          | NONE                               | NONE SMME                                    | 1                                                              |
| Contractors Casual Labourers                                                                                                 | NONE                               | NONE SMME                                    | 1                                                              |
| Business Advisory Services consulting Human Resources                                                                        | Level 1                            | 100% Black Male                              | 1                                                              |
| Business Advisory Services consulting Human Resources                                                                        | Level 1                            | 100% Black Male                              | 1                                                              |
| Business Advisory Services consulting Human Resources                                                                        | Level 1                            | 100% Black Male                              | 1                                                              |
| Contractors Artists and Performers                                                                                           | NONE                               | NONE SMME                                    | 1                                                              |
| Contractors Artists and Performers                                                                                           | Level 1                            | 100% Black Male                              | 1                                                              |
| Employee and Organisation Enhancement counselling services                                                                   | Level 1                            | 25.71% Black Ownership 11.53% Black Female   | 1                                                              |
| Contractors transport and Relocation services                                                                                | NONE                               | NONE SMME                                    | 1                                                              |
| contractors Security Services                                                                                                | NONE                               | NONE SMME                                    | 1                                                              |
| Advisory consulting services to conduct a Longitudinal Study on SMMEs and Co-operatives in SA for a period from 2021 to 2024 | NONE                               | 51% Black ownership and 49% Non-White female | 1                                                              |
| Advisory consulting services to provider a draft the National Entrepreneurship Strategy                                      | Level 1                            | 100% Non-Black White Male Ownership          | 1                                                              |

| Project title                                                                                                                                                                                                                                                                          | Percentage ownership by HDI groups | Percentage management by HDI groups          | Number of consultants from HDI groups that work on the project |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|----------------------------------------------|----------------------------------------------------------------|
| Advisory consulting services to conduct a Longitudinal Study on SMMEs and Co-operatives in SA for a period from 2021 to 2024                                                                                                                                                           | Level 1                            | 51% Black ownership and 49% Non-White female | 1                                                              |
| Advisory consulting services to undertake an evaluation of the integrated Strategy for development and promotion of corporative                                                                                                                                                        | Level 1                            | 100% Black Male                              | 1                                                              |
| Advisory consulting services to facilitation services to refine and finalize the chain results statements and associated indicators for the enterprise development sector which is to culminate in a theory of change and a detailed report.                                           | Level 1                            | 100% Black Male                              | 1                                                              |
| Advisory consulting services to conduct technical Expertise on the Value Chain Assessment.                                                                                                                                                                                             | Level 1                            | 100% Black Male                              | 1                                                              |
| Advisory consulting services Appointment of a service provider Council for Scientific and Industrial research (CSIR) to assist the Department of Small Business Development in implementing a pilot project for small enterprise development on medicine cannabis and industrial hemp. | NONE                               | NONE SMME                                    | 1                                                              |
| Legal Services Advice/State Attorney                                                                                                                                                                                                                                                   | NONE                               | NONE SMME                                    | 1                                                              |
| Project Management                                                                                                                                                                                                                                                                     | NONE                               | NONE SMME                                    | 1                                                              |
| contractors Event Promoters                                                                                                                                                                                                                                                            | NONE                               | NONE SMME                                    | 1                                                              |
| Business Advisory consulting services translator and transcript services                                                                                                                                                                                                               | NONE                               | NONE SMME                                    | 1                                                              |

**Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2024 and 31 March 2025**

| Project title                                                                                                                       | Total Number of consultants that worked on project | Duration (Work days) | Donor and contract value in Rand |
|-------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|----------------------|----------------------------------|
| Project Management                                                                                                                  | 1                                                  | 30                   | R 2 406 376.07                   |
| Business Advisory consulting services translator and transcript services                                                            | 1                                                  | 30                   | R 57 021.34                      |
| Facilitator for the Township Economy Development and Revitalisation Policy Dialogue Implementation Plan                             | 1                                                  | 30                   | R 439 620.00                     |
| Advisory consulting services red tape reduction indicators                                                                          | 1                                                  | 30                   | R 123 280.00                     |
| Business Advisory Services consulting follow up on the Debriefing work Session                                                      | 1                                                  | 30                   | R 154 744.00                     |
| Business Advisory Services consulting for the provision of Facilitation services for the incubation and Business Development policy | 1                                                  | 30                   | R 378 120.00                     |
| Contractors Services Provision of Audio-Visual Services                                                                             | 1                                                  | 30                   | R 383 104.65                     |
| Contractors Services stage and Sound Crew                                                                                           | 1                                                  | 30                   | R 94 000.00                      |

| Total number of projects | Total individual consultants | Total duration Work days | Total contract value in Rand |
|--------------------------|------------------------------|--------------------------|------------------------------|
| 08                       | 08                           | 240                      | R 4 036 266.06               |

**Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2024 and 31 March 2025**

| 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                               | NONE SMME                                 | 1                                                              |
| Business Advisory consulting services translator and transcript services                                                            | NONE                               | NONE SMME                                 | 1                                                              |
| Facilitator for the Township Economy Development and Revitalisation Policy Dialogue Implementation Plan                             | NONE                               | NONE SMME                                 | 1                                                              |
| Advisory consulting services red tape reduction indicators                                                                          | Level 1                            | 100% Black Female                         | 1                                                              |
| Business Advisory Services consulting follow up on the Debriefing work Session                                                      | NONE                               | NONE SMME                                 | 1                                                              |
| Business Advisory Services consulting for the provision of Facilitation services for the incubation and Business Development policy | Level 1                            | 51% Black ownership and 49% Coloured male | 1                                                              |
| Contractors Services Provision of Audio-Visual Services                                                                             | Level 1                            | 100% Black Male                           | 1                                                              |
| Contractors Services stage and Sound Crew                                                                                           | Level 1                            | 100% Black Male                           | 1                                                              |

### 3.16. Severance Packages

**Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2024 and 31 March 2025**

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

# E

PART



## PFMA COMPLIANCE REPORT

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

## 1.1. Irregular expenditure

### a) Reconciliation of Irregular Expenditure

| Description                                                 | 2024/2025    | 2023/2024  |
|-------------------------------------------------------------|--------------|------------|
|                                                             | R'000        | R'000      |
| Opening balance                                             | 743          | -          |
| Adjustment to opening balance                               | -            | -          |
| Opening balance as restated                                 | -            | -          |
| Add: Irregular expenditure confirmed                        | 815          | 743        |
| Less: Irregular expenditure condoned                        | -            | -          |
| Less: Irregular expenditure not condoned and removed        | -            | -          |
| Less: Irregular expenditure recoverable                     | -            | -          |
| Less: Irregular expenditure not recoverable and written off | -            | -          |
| <b>Closing balance</b>                                      | <b>1 558</b> | <b>743</b> |

*It has been determined that the state did not suffer any loss – corrective sanctions have been implemented on current employees whilst two ex-officials exited public service before the matter could be finalised. A request for condonation to be submitted to National Treasury in line with the framework.*

### Reconciling notes

| Description                                                                             | 2024/2025  | 2023/2024 |
|-----------------------------------------------------------------------------------------|------------|-----------|
|                                                                                         | R'000      | R'000     |
| Irregular expenditure that was under assessment                                         | -          | -         |
| Irregular expenditure that relates to the prior year and identified in the current year | 815        | -         |
| Irregular expenditure for the current year                                              | -          | -         |
| <b>Total</b>                                                                            | <b>815</b> | <b>-</b>  |

### b) Details of Irregular Expenditure (under assessment, determination, and investigation)

| Description                               | 2024/2025    | 2023/2024 |
|-------------------------------------------|--------------|-----------|
|                                           | R'000        | R'000     |
| Irregular expenditure under assessment    | 815          | -         |
| Irregular expenditure under determination | 420          | -         |
| Irregular expenditure under investigation | -            | -         |
| <b>Total</b>                              | <b>1 235</b> | <b>-</b>  |

*The procurement was not a deemed deviation; it was approved by a senior manager instead of the delegated official if deemed a deviation. OCPO's guidance on proceeding with a single quotation is still outstanding, where the market was not responsive.*

### c) Details of Irregular Expenditure Condoned

| Description                    | 2024/2025 | 2023/2024 |
|--------------------------------|-----------|-----------|
|                                | R'000     | R'000     |
| Irregular expenditure condoned | -         | -         |
| <b>Total</b>                   | <b>-</b>  | <b>-</b>  |

## d) Details of Irregular Expenditure Removed - (not condoned)

| Description                                    | 2024/2025 | 2023/2024 |
|------------------------------------------------|-----------|-----------|
|                                                | R'000     | R'000     |
| Irregular expenditure NOT condoned and removed | -         | -         |
| <b>Total</b>                                   | -         | -         |

## e) Details of Irregular Expenditure Recoverable

| Description                       | 2024/2025 | 2023/2024 |
|-----------------------------------|-----------|-----------|
|                                   | R'000     | R'000     |
| Irregular expenditure recoverable | -         | -         |
| <b>Total</b>                      | -         | -         |

## f) Details of Irregular Expenditure Written Off (irrecoverable)

| Description                       | 2024/2025 | 2023/2024 |
|-----------------------------------|-----------|-----------|
|                                   | R'000     | R'000     |
| Irregular expenditure written off | -         | -         |
| <b>Total</b>                      | -         | -         |

**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  |
|--------------|
|              |
|              |
|              |
|              |
|              |
|              |
| <b>Total</b> |

*Not applicable.*

## 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)

| Description  | 2024/2025 | 2023/2024 |
|--------------|-----------|-----------|
|              | R'000     | R'000     |
|              | -         | -         |
|              | -         | -         |
|              | -         | -         |
|              | -         | -         |
| <b>Total</b> | -         | -         |

*Not applicable.*

## i) Details of Disciplinary or Criminal Steps taken as a Result of Irregular Expenditure

**Disciplinary steps taken**

Sanctions were implemented on three officials that were identified in the processing of hours claims for two months worked beyond the end of a contract amounting to R176,000.

Sanctions could not be implemented as employees had exited public service prior to the matter being finalised for two procurement related matters amounting to R654,400 and R500.

**1.2. Fruitless and Wasteful Expenditure**

## a) Reconciliation of Fruitless and Wasteful Expenditure

| Description                                                              | 2024/2025 | 2023/2024 |
|--------------------------------------------------------------------------|-----------|-----------|
|                                                                          | R'000     | R'000     |
| Opening balance                                                          | -         | -         |
| Adjustment to opening balance                                            | -         | -         |
| Opening balance as restated                                              | -         | -         |
| Add: Fruitless and wasteful expenditure confirmed                        | 6         | -         |
| Less: Fruitless and wasteful expenditure recoverable                     | 6         | -         |
| Less: Fruitless and wasteful expenditure not recoverable and written off | -         | -         |
| <b>Closing balance</b>                                                   | <b>-</b>  | <b>-</b>  |

*A case of negligence on the order issued to a supplier at an amount of R6 358.00 to supply, deliver and assemble two tiered Food Service Trolleys (tiered with lockable side doors, Food Service Trolley). Investigation concluded and the case has been confirmed. The state did suffer losses, and the consequence process is in progress.*

**Reconciling notes**

| Description                                                                                          | 2024/2025 | 2023/2024 |
|------------------------------------------------------------------------------------------------------|-----------|-----------|
|                                                                                                      | 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                                              | 6         | -         |
| <b>Total</b>                                                                                         | <b>6</b>  | <b>-</b>  |

## b) Details of Fruitless and Wasteful Expenditure (under Assessment, Determination, and Investigation)

| Description                                            | 2024/2025 | 2023/2024 |
|--------------------------------------------------------|-----------|-----------|
|                                                        | R'000     | R'000     |
| Fruitless and wasteful expenditure under assessment    | -         | -         |
| Fruitless and wasteful expenditure under determination | -         | -         |
| Fruitless and wasteful expenditure under investigation | -         | -         |
| <b>Total</b>                                           | <b>-</b>  | <b>-</b>  |

c) Details of Fruitless and Wasteful Expenditure Recoverable

| Description                                    | 2024/2025 | 2023/2024 |
|------------------------------------------------|-----------|-----------|
|                                                | R'000     | R'000     |
| Fruitless and wasteful expenditure recoverable | 6         | -         |
| <b>Total</b>                                   | <b>6</b>  | <b>-</b>  |

Not applicable to the DSBD.

d) Details of Fruitless and Wasteful Expenditure not Recoverable and Written off

| Description                                    | 2024/2025 | 2023/2024 |
|------------------------------------------------|-----------|-----------|
|                                                | R'000     | R'000     |
| Fruitless and wasteful expenditure written off | -         | -         |
| <b>Total</b>                                   | <b>-</b>  | <b>-</b>  |

Not applicable to the DSBD.

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

| Disciplinary steps taken |
|--------------------------|
|                          |
|                          |
|                          |
|                          |
|                          |
| <b>Total</b>             |

The DSBD did not incur any fruitless and wasteful expenditure.

### 1.3. Unauthorised Expenditure

#### a) Reconciliation of Unauthorised Expenditure

| Description                                             | 2024/2025 | 2023/2024 |
|---------------------------------------------------------|-----------|-----------|
|                                                         | R'000     | R'000     |
| Opening balance                                         | -         | -         |
| 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              | -         | -         |
| Less: unauthorised not recoverable and written off      | -         | -         |
| Closing balance                                         | -         | -         |

*The DSBD did not incur any unauthorised expenditure.*

#### Reconciling Notes

| Description                                                                                | 2024/2025 | 2023/2024 |
|--------------------------------------------------------------------------------------------|-----------|-----------|
|                                                                                            | R'000     | R'000     |
| Unauthorised expenditure that was under assessment                                         | -         | -         |
| Unauthorised expenditure that relates to the prior year and identified in the current year | -         | -         |
| Unauthorised expenditure for the current year                                              | -         | -         |
| <b>Total</b>                                                                               | -         | -         |

#### b) Details of Unauthorised Expenditure (under assessment, determination, and investigation)

| Description                                  | 2024/2025 | 2023/2024 |
|----------------------------------------------|-----------|-----------|
|                                              | R'000     | R'000     |
| Unauthorised expenditure under assessment    | -         | -         |
| Unauthorised expenditure under determination | -         | -         |
| Unauthorised expenditure under investigation | -         | -         |
| <b>Total</b>                                 | -         | -         |

*Not applicable to the DSBD*

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

### a) Details of Material Losses through Criminal Conduct

| Material losses through criminal conduct | 2024/2025 | 2023/2024 |
|------------------------------------------|-----------|-----------|
|                                          | R'000     | R'000     |
| Theft                                    | -         | -         |
| Other material losses                    | -         | -         |
| Less: Recoverable                        | -         | -         |
| Less: Not recoverable and written off    | -         | -         |
| <b>Total</b>                             | -         | -         |

Not applicable to the DSBD.

### b) Details of Other Material Losses

| Nature of other material losses                   | 2024/2025 | 2023/2024 |
|---------------------------------------------------|-----------|-----------|
|                                                   | R'000     | R'000     |
| (Group major categories, but list material items) | -         | -         |
|                                                   | -         | -         |
|                                                   | -         | -         |
|                                                   | -         | -         |
|                                                   | -         | -         |
| <b>Total</b>                                      | -         | -         |

Not applicable to the DSBD.

### c) Other Material Losses Recoverable

| Description                                       | 2024/2025 | 2023/2024 |
|---------------------------------------------------|-----------|-----------|
|                                                   | R'000     | R'000     |
| (Group major categories, but list material items) | -         | -         |
|                                                   | -         | -         |
|                                                   | -         | -         |
|                                                   | -         | -         |
|                                                   | -         | -         |
| <b>Total</b>                                      | -         | -         |

Not applicable to the DSBD.

## d) Other Material Losses Not Recoverable and Written Off

| Description                                       | 2024/2025 | 2023/2024 |
|---------------------------------------------------|-----------|-----------|
|                                                   | R'000     | R'000     |
| (Group major categories, but list material items) | -         | -         |
|                                                   | -         | -         |
|                                                   | -         | -         |
|                                                   | -         | -         |
|                                                   | -         | -         |
| <b>Total</b>                                      | -         | -         |

*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 <b>within</b> 30 days or agreed period                               | 12 883             | 92 553.00          |
| Invoices paid <b>after</b> 30 days or agreed period                                | -                  | -                  |
| Invoices older than 30 days or agreed period ( <i>unpaid and without dispute</i> ) | -                  | -                  |
| Invoices older than 30 days or agreed period ( <i>unpaid and in dispute</i> )      | -                  | -                  |

### 3. SUPPLY CHAIN MANAGEMENT

#### 3.1. Procurement by Other Means

| Project description                                                                                                                                                                                                                                                                                                                                     | Name of supplier                                                          | Type of procurement by other means | Contract number | Value of contract R'000 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|------------------------------------|-----------------|-------------------------|
| To request approval from the Acting Director General to deviate from normal procurement processes to appoint a single source service provider, Dynamics Accountants and Business Solutions to render the following services, marshals, creatives, and cleaning of the venue after the Ministerial Imbizo event to be held on 04 April 2024.             | Dynamics Accountants and Business Solutions                               | Single Source                      | N/A             | 80                      |
| To request the acting Director General to deviate from Supply chain procedures and appoint the Servest Corporate for the SMME landscape in South Africa seminar with the Nigerian delegation DSBD officials Seda, Sefa, CBDA and officials from National Treasury taking place in Stats SA and he have to use their in-house catering service provider. | Servest Corporate                                                         | Single Source                      | AI-339393       | 34                      |
| To request the acting Director General to deviate from Supply chain procedures and appoint Sboknow Trading (Pty) Ltd to render facilities and services for the Ministerial Imbizo event to be held on 26 April 2024.                                                                                                                                    | Sboknow Trading (Pty)Ltd                                                  | Single Source                      | N/A             | 80                      |
| To request approval from the Acting Director-General to deviate from normal procurement processes to appoint Shammah Records as a single-source service provider, to render entertainment services for the Alfred Nzo Municipality, Eastern Cape Province Ministerial Imbizo event to be held on 30 April 2024.                                         | Shammah Records                                                           | Single Source                      | AI-956204       | 30                      |
| The Acting Director-General is requested to appoint Prof Andrew Boraine to do follow-up work on Strategic partnerships framework                                                                                                                                                                                                                        | Andrew Boraine                                                            | Single Source                      | AI-956201       | 257                     |
| To request approval from the Acting Director-General to deviate from normal procurement processes to appoint Jumbo Communication and Projects (Pty) Ltd and Ezweni Worldwide (Pty) Ltd as single-source service providers, to render entertainment services for the Okhahlamba Ministerial Imbizo event to be held on 21 May 2024                       | Jumbo Communication and Projects (Pty) Ltd and Ezweni Worldwide (Pty) Ltd | Single Source                      | N/A             | 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-001355       | 12                      |
| 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-001356       | 3                       |
| Request for approval to deviate from normal procurement process and appoint a service provider Rebel Group to do follow up work on the schedule of threshold determining the different size categories of small enterprise                                                                                                                              | Rebel Group Consulting SA                                                 | Preferred service provider         | OR-001373       | 155                     |
| Request for approval to deviate from normal procurement process and appoint a service provider Psychological Society of South Africa for attendees to attend employee health and wellness conferences hosted by South African institute of occupational safety and health scheduled.                                                                    | Psychological Society of South Africa                                     | Sole Service provider              | OR-001381       | 9                       |

| 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 process and appoint a service provider Institute of Waste management of southern Africa world congress in Cape Town                                                                                                                         | Institute of waste management of southern Africa       | Sole Service provider              | n/a             | 15                      |
| Request for approval to deviate from normal procurement process and appoint a service provider Leadership Academy for Guardians to assist with online training for internal auditors                                                                                                                | Leadership Academy for Guardians                       | Sole Service provider              | OR-001377       | 60                      |
| Request for approval to deviate from normal procurement process and appoint a service provider Ngaraga property for providing gift packs for Women Event on the 29 August 2024                                                                                                                      | Ngaraga Properties                                     | Preferred service provider         | AI-956227       | 17                      |
| Request for approval to deviate from normal procurement process and appoint a service provider Servest catering to assist the department with catering services full package                                                                                                                        | Servest Catering                                       | Preferred service provider         | AI-956229       | 49                      |
| Request for approval to deviate from normal procurement process and appoint a service provider to attend conference offered by institute of risk management south Africa                                                                                                                            | The Institute of Risk Management                       | Sole Service provider              | OR-001395       | 38                      |
| Request for approval to deviate from normal procurement process and appoint SABC (Lesedi FM) as a single source to render live broadcast services for Welkom and Durban events to be held on the 25 & 26 September 2024                                                                             | South African Broadcasting (SABC) (Lesedi FM)          | Preferred service provider         | AI-956234       | 288                     |
| Request for approval to deviate from normal procurement process and appoint SABC (Ukhosi FM) as a single source to render live broadcast services for Welkom and Durban events to be held on the 25 & 26 September 2024                                                                             | South African Broadcasting (SABC) (Ukhosi FM)          | Preferred service provider         | AI-956235       | 391                     |
| Request to approve the deviation from normal procurement processes to appoint single source service provider Munghana Lonene FM to provide live broadcast services at the venue for Greater Tzaneen event to be held on 10 October 2024.                                                            | South African Broadcasting (SABC) (Munghana Lonene FM) | Preferred service provider         | OR-001400       | 161                     |
| Request to approve the deviation from normal procurement process to appoint Radio 2000 and Keith Ngesi FM for Western Cape and Eastern Cape as service providers, respectively. The procurement is for cross over interview and a live outside broadcast 24 Oct 2024 and 25 Oct 2025, respectively. | South African Broadcasting (SABC) (Radio 2000)         | Preferred service provider         | AI-956240       | 29                      |
| Request to approve the deviation from normal procurement process to appoint Radio 2000 and Keith Ngesi FM for Western Cape and Eastern Cape as service providers, respectively. The procurement is for cross over interview and a live outside broadcast 24 Oct 2024 and 25 Oct 2025, respectively. | Keith Ngesi media                                      | Preferred service provider         | AI-956241       | 55                      |
| Request for approval to deviate from normal procurement process and appoint eNgcobo FM as a single source to render open live broadcast services for Eastern Cape on 01 November 2024                                                                                                               | eNgcobo FM                                             | Preferred service provider         | AL-956242       | 45                      |

| Project description                                                                                                                                                                                                                                                                                                                            | Name of supplier                                   | Type of procurement by other means | Contract number | Value of contract R'000 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|------------------------------------|-----------------|-------------------------|
| Request to approve the deviation from normal procurement process to appoint XANTIUM trading 471 as service provider, and appoint XANTIUM trading 471 (Pty) Ltd, hereby trading as C3 food services to provide a full day catering package for the Construction Industry Stakeholder Engagement Workshop scheduled for 14 November 2024         | XANTIUM trading 471 (Pty) Ltd, trading as C3 Foods | Preferred service provider         | AL-956245       | 19                      |
| Request for approval to deviate from normal procurement process and appoint a service provider National School of government to provide CIP training for 36 DSBD employees                                                                                                                                                                     | National school of government                      | Preferred service provider         | OR-001426       | 39                      |
| Request for approval to deviate from normal procurement process and appoint a service provider National School of government to provide CIP and Peer learning training for 3 DSBD SMS employees for 2 days                                                                                                                                     | National school of government                      | Preferred service provider         | OR-001427       | 10                      |
| Request for approval to deviate from normal procurement process and appoint a service provider National School of government to provide CIP training and Catering 18 DSBD interns for 5 days                                                                                                                                                   | National school of government                      | Preferred service provider         | OR-001428       | 113                     |
| Request for approval to deviate from normal procurement process and appoint a service provider CSIR Council scientific and industrial research to pilot project under the memorandum of agreement with the small enterprise development on medicinal cannabis and industrial hemp on single source procurement method for continuity purposes. | CSIR                                               | Sole Service provider              | No order issued | 1 500                   |
| Request for approval to deviate from normal procurement process and appoint a service provider to assist DSBD with Catering services for Final Portfolio Strategic Planning Session for 2025/26 Planning cycle at Department of Correctional services on the 11 February 2025.                                                                 | Department of Correctional Services                | Preferred service provider         | AI-956167       | 53                      |
| Request for approval to deviate from normal procurement process and appoint a service provider to assist DSBD with facilitation services for the Final Portfolio Strategic Planning Session for 2025/26 Planning cycle at Department of Correctional services on the 11 February 2025.                                                         | National School of Government                      | Preferred service provider         | OR-001437       | 20                      |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                                   |                                                    |                                    |                 | <b>R3 620</b>           |

### 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                                            |
| Request for approval to deviate from normal procurement processes and appoint Government Technical Advisory centre (GTAC) to assist the department of Small Business development in implementing the cabinet approved incorporation of small enterprise finance agency (SEFA) and the cooperatives bank development agency (CBDA) into small enterprise development agency (SEDA).<br><br>Request for approval to deviate from the normal | (GTAC) Government technical Advisory Canter | Expansion                                           | MOA             | R6 319                  | R1 566                                                                | -                                                |
| procurement processes and extend the contract between Crown Worldwide Group and the Department of Small Business Development, appointed to assist DSBD with the Offsite Storage Facility (for records) record Management Services for a period of 6 months.                                                                                                                                                                               | Crown Worldwide Movers (Pty) Ltd            | Expansion                                           | MOA             | R129                    | -                                                                     | 9.90                                             |
| Request for approve the expansions procurement of trophies, certificates, plaques, memorabilia, and dummy cheques to be given to award winners at the National Presidential MSME and Co-operatives awards to be held at Gallagher Convention Centre on 22 November 2024.                                                                                                                                                                  | Wise Water Media                            | Expansion                                           | OR-001421       | R476                    | -                                                                     | 13.89                                            |
| Request for approval to appoint a suitable service provider to assist the Department with Response Handling Services for Recruitment.                                                                                                                                                                                                                                                                                                     | Kgadi Staffing Solutions                    | Expansion                                           | OR-001320       | R604                    | -                                                                     | 500.00                                           |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                                                                                                                              |                                             |                                                     |                 | <b>R 7 528</b>          | <b>R1 566</b>                                                         | <b>R523.8</b>                                    |

# F

PART



## ANNUAL FINANCIAL STATEMENTS



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

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Department of Small Business Development set out on pages 148 to 207, which comprise the appropriation statement, statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets and the 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 Department of Small Business Development as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) as 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.

### Responsibilities of the accounting officer for the financial statements

6. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Modified Cash Standard (MCS) and 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.
7. 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

8. 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 financial statements.
9. 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 146-147, forms part of my auditor's report.

## Report on the audit of the annual performance report

10. 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.
11. I selected the following programme presented in the annual performance report for the year ended 31 March 2025 for auditing. I selected programmes that measure the department's performance on its primary mandated functions and that are of significant national, community or public interest.

| Programmes                                                             | Page numbers | Purpose                                                                                                                                          |
|------------------------------------------------------------------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| Programme 3: integrated co-operatives and micro enterprise development | 48-53        | Drive economic transformation through integrated informal business, co-operatives and micro enterprise development and support                   |
| Programme 4: enterprise development, innovation and entrepreneurship   | 53-58        | Oversee the promotion of an ecosystem that enhances entrepreneurship and innovation during the establishment, growth and sustainability of SMMEs |

12. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the department's planning and delivery on its mandate and objectives.
13. 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 for any over or underachievement of targets.
14. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
15. I did not identify any material findings on the reported performance information for the selected programmes.

### Other matter

16. I draw attention to the matter below.

## Achievement of planned targets

17. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under-achievements.
18. The tables that follows provide 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 47-58.

### **Programme 3: integrated co-operatives and micro enterprise development**

*Targets achieved: 83,3%*

*Budget spent: 83,3%*

| Key indicator not achieved                                                                                  | Planned target                                                                                              | Reported achievement                                                                                 |
|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| Number of business infrastructures (i.e. product markets) for SMMEs and co-operatives refurbished or built. | Five (5) business Infrastructures (i.e. products markets) for SMMEs and Co-operatives refurbished or built. | One (1) business infrastructure (i.e. products markets) SMMEs and Co operatives refurbished or built |

### **Programme 4: enterprise development, innovation and entrepreneurship**

*Targets achieved: 77,8%*

*Budget spent: 99,9%*

| Key service delivery indicator not achieved                                            | Planned target                                                                     | Reported achievement                                                               |
|----------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Number of township and rural enterprises supported financially and/or non-financially. | 30 000 Township and Rural Enterprises supported financially and/or non-financially | 27 526 Township and Rural Enterprises supported financially and/or non-financially |
| Number of crafters supported through the craft customised sector programme             | 1000 crafters supported through the Craft Customised Sector Programme.             | 714 crafters supported through the Craft Customised Sector Programme               |

## Material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for programme 4: Enterprise development, innovation and entrepreneurship. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

## Report on compliance with legislation

20. 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.
21. 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.
22. 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.
23. I did not identify any material non-compliance with the selected legislative requirements.

## Other information in the annual report

24. The accounting officer is responsible for the other information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
25. My opinion on the financial statements and my reports on the audit of the annual performance report and 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.
26. 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.
27. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

28. 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.
29. I did not identify any significant deficiencies in internal control.

*Auditor-General*

Pretoria  
31 July 2025



AUDITOR - GENERAL  
SOUTH AFRICA



## 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 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.

## Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

| Legislation                                                     | Section, regulation or paragraph                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Public Finance Management Act 1 of 1999                         | Section 1; 38(1)(b); 38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(f); 38(1)(h)(iii); 39(1)(a); 39(2)(a); 40(1)(a); 40(1)(b); 40(1)(c)(i); 43(1); 43(4); 44; 45(b)                                                                                                                                                                                                                                                                                                                            |
| Treasury Regulations, 2005                                      | Regulation 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1; 6.3.1(a); 6.3.1(b); 6.3.1(c); 6.3.1(d); 6.4.1(b); 7.2.1; 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1; 9.1.1; 9.1.4; 10.1.1(a); 10.1.2; 11.4.1; 11.4.2; 11.5.1; 12.5.1; 15.10.1.2(c); 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A7.1; 16A7.3; 16A7.6; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 17.1.1; 18.2; 19.8.4 |
| Construction Industry Development Board Act 38 of 2000          | Section 18(1)                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Construction Industry Development Board Regulations, 2004       | Regulation 17; 25(7A)                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Division of Revenue Act 24 of 2024                              | Section 11(6)(a); 12(5); 16(1); 16(3)(a)(i); 16(3)(a)(ii)                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| National Health Act 61 of 2003                                  | Section 13                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| National Treasury Instruction No. 5 of 2020/21                  | Paragraph 4.8; 4.9; 5.3                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Second Amendment National Treasury Instruction No. 5 of 2020/21 | Paragraph 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Erratum National Treasury Instruction No. 5 of 2020/21          | Paragraph 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| National Treasury Instruction No. 1 of 2021/22                  | Paragraph 4                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 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(a); 4.17; 7.2; 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                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| National Treasury Practice Note 5 of 2009/10                    | Paragraph 3.3                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| National Treasury 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 Regulations, 2022                      | Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Preferential Procurement Regulations, 2017                      | Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 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)                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Public Service Regulations, 2016                                | Regulation 18(1); 18(2); 25(1)(e)(i); 25(1)(e)(iii)                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| State Information Technology Agency Act 88 of 1998              | Section 7(3)                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

## ANNUAL FINANCIAL STATEMENT

for the year ended 31 March 2025

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## SMALL BUSINESS DEVELOPMENT | VOTE 36

## APPROPRIATION STATEMENT

for the year ended 31 March 2025

| Appropriation per programme                                                      |                  |                   |          |                  |                    |               |                                  |                  |                    |
|----------------------------------------------------------------------------------|------------------|-------------------|----------|------------------|--------------------|---------------|----------------------------------|------------------|--------------------|
| 2024/25                                                                          |                  |                   |          |                  |                    |               |                                  | 2023/24          |                    |
|                                                                                  | 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              |
| <b>Programme</b>                                                                 |                  |                   |          |                  |                    |               |                                  |                  |                    |
| 1. Administration                                                                | 162 389          | -                 | 4 280    | 166 669          | 165 699            | 970           | 99.4%                            | 151 650          | 142 601            |
| 2. Sector Policy and Research                                                    | 47 675           | -                 | (2 427)  | 45 248           | 37 311             | 7 937         | 82.5%                            | 16 058           | 14 430             |
| 3. Integrated Cooperatives and Micro Enterprise Development                      | 173 733          | -                 | (2 534)  | 171 199          | 142 681            | 28 518        | 83.3%                            | 151 870          | 130 832            |
| 4. Enterprise Development, Innovation and Entrepreneurship                       | 2 035 748        | -                 | 681      | 2 036 429        | 2 034 608          | 1 821         | 99.9%                            | 2 209 730        | 2 196 964          |
| <b>Total</b>                                                                     | <b>2 419 545</b> | <b>-</b>          | <b>-</b> | <b>2 419 545</b> | <b>2 380 299</b>   | <b>39 246</b> | <b>98.4%</b>                     | <b>2 529 308</b> | <b>2 484 827</b>   |
| <b>Reconciliation with statement of financial performance</b>                    |                  |                   |          |                  |                    |               |                                  |                  |                    |
| <b>ADD</b>                                                                       |                  |                   |          |                  |                    |               |                                  |                  |                    |
| Departmental receipts                                                            |                  |                   |          | 503 835          |                    |               |                                  | 2 419            |                    |
| Aid assistance                                                                   |                  |                   |          | 46 720           |                    |               |                                  | 75 413           |                    |
| <b>Actual amounts per statement of financial performance (Total revenue)</b>     |                  |                   |          | <b>2 970 100</b> |                    |               |                                  | <b>2 607 140</b> |                    |
| <b>ADD</b>                                                                       |                  |                   |          |                  |                    |               |                                  |                  |                    |
| Aid assistance                                                                   |                  |                   |          |                  | 40 928             |               |                                  |                  | 29 041             |
| <b>Actual amounts per statement of financial performance (Total expenditure)</b> |                  |                   |          |                  | <b>2 421 227</b>   |               |                                  |                  | <b>2 513 868</b>   |

## SMALL BUSINESS DEVELOPMENT | VOTE 36

## APPROPRIATION STATEMENT

for the year ended 31 March 2025

| Appropriation per economic classification   |                  |                   |              |                  |                    |               |                                  |                  |                    |
|---------------------------------------------|------------------|-------------------|--------------|------------------|--------------------|---------------|----------------------------------|------------------|--------------------|
| 2024/25                                     |                  |                   |              |                  |                    |               |                                  | 2023/24          |                    |
|                                             | 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              |
| <b>Economic classification</b>              |                  |                   |              |                  |                    |               |                                  |                  |                    |
| <b>Current payments</b>                     | <b>378 906</b>   | <b>8 414</b>      | <b>(783)</b> | <b>386 537</b>   | <b>370 791</b>     | <b>15 746</b> | <b>95.9%</b>                     | <b>344 432</b>   | <b>319 866</b>     |
| Compensation of employees                   | 234 102          | (728)             | (445)        | 232 929          | 218 360            | 14 569        | 93.7%                            | 203 278          | 181 452            |
| Goods and services                          | 144 804          | 9 142             | (338)        | 153 608          | 152 430            | 1 178         | 99.2%                            | 141 154          | 138 413            |
|                                             |                  |                   |              |                  |                    |               |                                  |                  |                    |
| <b>Transfers and subsidies</b>              | <b>2 034 446</b> | <b>(9 272)</b>    | <b>445</b>   | <b>2 025 619</b> | <b>2 002 326</b>   | <b>23 293</b> | <b>98.9%</b>                     | <b>2 175 243</b> | <b>2 155 746</b>   |
| Departmental agencies and accounts          | 1 316 074        | 1 115             | -            | 1 317 189        | 1 317 189          | -             | 100.0%                           | 1 404 785        | 1 404 484          |
| Public corporations and private enterprises | 708 512          | (11 115)          | -            | 697 397          | 674 108            | 23 289        | 96.7%                            | 761 620          | 742 445            |
| Non-profit institutions                     | 9 388            | -                 | -            | 9 388            | 9 388              | -             | 100.0%                           | 8 000            | 8 000              |
| Households                                  | 472              | 728               | 445          | 1 645            | 1 641              | 4             | 99.8%                            | 838              | 817                |
|                                             |                  |                   |              |                  |                    |               |                                  |                  |                    |
| <b>Payments for capital assets</b>          | <b>6 193</b>     | <b>854</b>        | <b>338</b>   | <b>7 385</b>     | <b>7 179</b>       | <b>206</b>    | <b>97.2%</b>                     | <b>7 113</b>     | <b>6 699</b>       |
| Machinery and equipment                     | 6 172            | 668               | 338          | 7 178            | 7 130              | 48            | 99.3%                            | 7 113            | 6 699              |
| Intangible assets                           | 21               | 186               | -            | 207              | 48                 | 159           | 23.4%                            | -                | -                  |
|                                             |                  |                   |              |                  |                    |               |                                  |                  |                    |
| <b>Payments for financial assets</b>        | <b>-</b>         | <b>4</b>          | <b>-</b>     | <b>4</b>         | <b>3</b>           | <b>1</b>      | <b>79.4%</b>                     | <b>2 520</b>     | <b>2 516</b>       |
| <b>Total</b>                                | <b>2 419 545</b> | <b>-</b>          | <b>-</b>     | <b>2 419 545</b> | <b>2 380 299</b>   | <b>39 246</b> | <b>98.4%</b>                     | <b>2 529 308</b> | <b>2 484 827</b>   |

## SMALL BUSINESS DEVELOPMENT | VOTE 36

## APPROPRIATION STATEMENT

for the year ended 31 March 2025

| Programme 1: ADMINISTRATION          |                 |                   |              |                |                    |            |                                  |                |                    |
|--------------------------------------|-----------------|-------------------|--------------|----------------|--------------------|------------|----------------------------------|----------------|--------------------|
| 2024/25                              |                 |                   |              |                |                    |            |                                  | 2023/24        |                    |
|                                      | 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              |
| <b>Sub programme</b>                 |                 |                   |              |                |                    |            |                                  |                |                    |
| Ministry                             | 30 531          | 7 811             | 4 122        | 42 464         | 42 281             | 183        | 99.6%                            | 38 304         | 36 838             |
| Departmental Management              | 25 276          | (2 091)           | -            | 23 185         | 23 065             | 120        | 99.5%                            | 20 528         | 20 482             |
| Corporate Management Services        | 78 980          | (2 360)           | 158          | 76 778         | 76 451             | 327        | 99.6%                            | 69 844         | 65 603             |
| Financial Management                 | 27 602          | (3 360)           | -            | 24 242         | 23 901             | 341        | 98.6%                            | 22 974         | 19 679             |
| <b>Total for sub programmes</b>      | <b>162 389</b>  | <b>-</b>          | <b>4 280</b> | <b>166 669</b> | <b>165 699</b>     | <b>970</b> | <b>99.4%</b>                     | <b>151 650</b> | <b>142 601</b>     |
| <b>Economic classification</b>       |                 |                   |              |                |                    |            |                                  |                |                    |
| <b>Current payments</b>              | <b>156 518</b>  | <b>(1 043)</b>    | <b>3 497</b> | <b>158 972</b> | <b>158 175</b>     | <b>797</b> | <b>99.5%</b>                     | <b>144 486</b> | <b>135 800</b>     |
| Compensation of employees            | 100 880         | (321)             | 1 100        | 101 659        | 100 966            | 693        | 99.3%                            | 94 426         | 86 817             |
| Goods and services                   | 55 638          | (722)             | 2 397        | 57 313         | 57 209             | 104        | 99.8%                            | 50 060         | 48 983             |
|                                      |                 |                   |              |                |                    |            |                                  |                |                    |
| <b>Transfers and subsidies</b>       | <b>431</b>      | <b>321</b>        | <b>445</b>   | <b>1 197</b>   | <b>1 196</b>       | <b>1</b>   | <b>99.9%</b>                     | <b>618</b>     | <b>597</b>         |
| Households                           | 431             | 321               | 445          | 1 197          | 1 196              | 1          | 99.9%                            | 616            | 596                |
|                                      |                 |                   |              |                |                    |            |                                  |                |                    |
| <b>Payments for capital assets</b>   | <b>5 440</b>    | <b>718</b>        | <b>338</b>   | <b>6 496</b>   | <b>6 324</b>       | <b>172</b> | <b>97.4%</b>                     | <b>6 442</b>   | <b>6 103</b>       |
| Machinery and equipment              | 5 419           | 560               | 338          | 6 317          | 6 303              | 14         | 99.8%                            | 6 442          | 6 103              |
| Intangible assets                    | 21              | 158               | -            | 179            | 21                 | 158        | 11.5%                            | -              | -                  |
|                                      |                 |                   |              |                |                    |            |                                  |                |                    |
| <b>Payments for financial assets</b> | <b>-</b>        | <b>4</b>          | <b>-</b>     | <b>4</b>       | <b>3</b>           | <b>1</b>   | <b>79.4%</b>                     | <b>104</b>     | <b>102</b>         |
| <b>Total</b>                         | <b>162 389</b>  | <b>-</b>          | <b>4 280</b> | <b>166 669</b> | <b>165 699</b>     | <b>970</b> | <b>99.4%</b>                     | <b>151 650</b> | <b>142 601</b>     |

## SMALL BUSINESS DEVELOPMENT | VOTE 36

## APPROPRIATION STATEMENT

for the year ended 31 March 2025

| Programme 2: SECTOR POLICY AND RESEARCH                            |                 |                   |                |               |                    |              |                                  |               |                    |
|--------------------------------------------------------------------|-----------------|-------------------|----------------|---------------|--------------------|--------------|----------------------------------|---------------|--------------------|
| 2024/25                                                            |                 |                   |                |               |                    |              |                                  | 2023/24       |                    |
|                                                                    | 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              |
| <b>Sub programme</b>                                               |                 |                   |                |               |                    |              |                                  |               |                    |
| 1. Business Intelligence and Sector-Wide Monitoring and Evaluation | 12 807          | (822)             | -              | 11 985        | 11 187             | 798          | 93.3%                            | 7 054         | 6 959              |
| 2. Intergovernmental Relations and Business Efficiency             | 14 007          | 1 392             | -              | 15 399        | 12 699             | 2 700        | 82.5%                            | 8 614         | 7 339              |
| 3. Sector Specific Support                                         | 20 861          | (570)             | (2 427)        | 17 864        | 13 425             | 4 439        | 75.2%                            | 390           | 132                |
| <b>Total for sub programmes</b>                                    | <b>47 675</b>   | <b>-</b>          | <b>(2 427)</b> | <b>45 248</b> | <b>37 311</b>      | <b>7 937</b> | <b>82.5%</b>                     | <b>16 058</b> | <b>14 430</b>      |
| <b>Economic classification</b>                                     |                 |                   |                |               |                    |              |                                  |               |                    |
| <b>Current payments</b>                                            | <b>47 520</b>   | <b>(85)</b>       | <b>(2 427)</b> | <b>45 008</b> | <b>37 083</b>      | <b>7 925</b> | <b>82.4%</b>                     | <b>15 886</b> | <b>14 260</b>      |
| Compensation of employees                                          | 37 829          | (23)              | -              | 37 806        | 30 765             | 7 041        | 81.4%                            | 13 503        | 12 277             |
| Goods and services                                                 | 9 691           | (62)              | (2 427)        | 7 202         | 6 318              | 884          | 87.7%                            | 2 383         | 1 983              |
|                                                                    |                 |                   |                |               |                    |              |                                  |               |                    |
| <b>Transfers and subsidies</b>                                     | <b>-</b>        | <b>23</b>         | <b>-</b>       | <b>23</b>     | <b>23</b>          | <b>1</b>     | <b>97.8%</b>                     | <b>79</b>     | <b>78</b>          |
| Households                                                         | -               | 23                | -              | 23            | 23                 | 1            | 97.8%                            | 79            | 78                 |
|                                                                    |                 |                   |                |               |                    |              |                                  |               |                    |
| <b>Payments for capital assets</b>                                 | <b>155</b>      | <b>62</b>         | <b>-</b>       | <b>217</b>    | <b>205</b>         | <b>12</b>    | <b>94.6%</b>                     | <b>93</b>     | <b>91</b>          |
| Machinery and equipment                                            | 155             | 62                | -              | 217           | 205                | 12           | 94.6%                            | 93            | 91                 |
| <b>Total</b>                                                       | <b>47 675</b>   | <b>-</b>          | <b>(2 427)</b> | <b>45 248</b> | <b>37 311</b>      | <b>7 937</b> | <b>82.5%</b>                     | <b>16 058</b> | <b>14 430</b>      |

## APPROPRIATION STATEMENT

for the year ended 31 March 2025

| Programme 3: INTEGRATED COOPERATIVES AND MICRO ENTERPRISE DEVELOPMENT |                 |                   |                |                |                    |               |                                  |                |                    |
|-----------------------------------------------------------------------|-----------------|-------------------|----------------|----------------|--------------------|---------------|----------------------------------|----------------|--------------------|
| 2024/25                                                               |                 |                   |                |                |                    |               |                                  | 2023/24        |                    |
|                                                                       | 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              |
| <b>Sub programme</b>                                                  |                 |                   |                |                |                    |               |                                  |                |                    |
| 1. Integrated Co-operatives and Micro Enterprise Development          | 71 320          | (11 454)          | (100)          | 59 766         | 35 723             | 24 043        | 59.8%                            | 4 762          | 4 672              |
| 2. Economic Transformation Initiatives                                | 55 040          | 11 800            | (689)          | 66 151         | 65 523             | 628           | 99.1%                            | 22 828         | 21 975             |
| 3. Value Chain and Market Access Support                              | 47 373          | (346)             | (1 745)        | 45 282         | 41 436             | 3 846         | 91.5%                            | 124 280        | 104 185            |
| <b>Total for sub programmes</b>                                       | <b>173 733</b>  | <b>-</b>          | <b>(2 534)</b> | <b>171 199</b> | <b>142 681</b>     | <b>28 518</b> | <b>83.3%</b>                     | <b>151 870</b> | <b>130 832</b>     |
| <b>Economic classification</b>                                        |                 |                   |                |                |                    |               |                                  |                |                    |
| <b>Current payments</b>                                               | <b>110 106</b>  | <b>9 616</b>      | <b>(2 534)</b> | <b>117 188</b> | <b>111 965</b>     | <b>5 223</b>  | <b>95.5%</b>                     | <b>62 037</b>  | <b>60 475</b>      |
| Compensation of employees                                             | 44 435          | (333)             | (1 545)        | 42 557         | 37 440             | 5 117         | 88.0%                            | 41 945         | 41 333             |
| Goods and services                                                    | 65 671          | 9 949             | (989)          | 74 631         | 74 525             | 106           | 99.9%                            | 20 092         | 19 142             |
|                                                                       |                 |                   |                |                |                    |               |                                  |                |                    |
| <b>Transfers and subsidies</b>                                        | <b>63 289</b>   | <b>(9 667)</b>    | <b>-</b>       | <b>53 622</b>  | <b>30 330</b>      | <b>23 292</b> | <b>56.6%</b>                     | <b>89 571</b>  | <b>70 096</b>      |
| Departmental agencies                                                 | -               | -                 | -              | -              | -                  | -             | -                                | 1 837          | 1 537              |
| Public corporations and private enterprises                           | 63 289          | (10 000)          | -              | 53 289         | 30 000             | 23 289        | 56.3%                            | 79 645         | 60 470             |
| Non-profit institutions                                               | -               | -                 | -              | -              | -                  | -             | -                                | 8 000          | 8 000              |
| Households                                                            | -               | 333               | -              | 333            | 330                | 3             | 99.2%                            | 89             | 88                 |
|                                                                       |                 |                   |                |                |                    |               |                                  |                |                    |
| <b>Payments for capital assets</b>                                    | <b>338</b>      | <b>51</b>         | <b>-</b>       | <b>389</b>     | <b>386</b>         | <b>3</b>      | <b>99.2%</b>                     | <b>262</b>     | <b>261</b>         |
| Machinery and equipment                                               | 338             | 23                | -              | 361            | 358                | 3             | 99.2%                            | 262            | 261                |
| Intangible assets                                                     | -               | 28                | -              | 28             | 28                 | 0             | 99.5%                            | -              | -                  |
| <b>Total</b>                                                          | <b>173 733</b>  | <b>-</b>          | <b>(2 534)</b> | <b>171 199</b> | <b>142 681</b>     | <b>28 518</b> | <b>83.3%</b>                     | <b>151 870</b> | <b>130 832</b>     |

## APPROPRIATION STATEMENT

for the year ended 31 March 2025

## Programme 4: ENTERPRISE DEVELOPMENT, INNOVATION AND ENTREPRENEURSHIP

| 2024/25                                                    |                  |                   |            |                  |                    |              |                                  | 2023/24          |                    |
|------------------------------------------------------------|------------------|-------------------|------------|------------------|--------------------|--------------|----------------------------------|------------------|--------------------|
|                                                            | 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              |
| <b>Sub programme</b>                                       |                  |                   |            |                  |                    |              |                                  |                  |                    |
| 1. Enterprise Development, Innovation and Entrepreneurship | 8 096            | (377)             | -          | 7 719            | 6 470              | 1 249        | 83.8%                            | 1 994            | 1 833              |
| 2. Entrepreneurship and Enterprise Development             | 1 339 647        | (3 093)           | -          | 1 336 554        | 1 336 024          | 530          | 100.0%                           | 1 420 665        | 1 417 540          |
| 3. Funding Support and Coordination                        | 688 005          | 3 470             | 681        | 692 156          | 692 115            | 41           | 100.0%                           | 787 071          | 777 591            |
| <b>Total for sub programmes</b>                            | <b>2 035 748</b> | <b>-</b>          | <b>681</b> | <b>2 036 429</b> | <b>2 034 608</b>   | <b>1 821</b> | <b>99.9%</b>                     | <b>2 209 730</b> | <b>2 196 964</b>   |
| <b>Economic classification</b>                             |                  |                   |            |                  |                    |              |                                  |                  |                    |
| <b>Current payments</b>                                    | <b>64 762</b>    | <b>(74)</b>       | <b>681</b> | <b>65 369</b>    | <b>63 568</b>      | <b>1 801</b> | <b>97.2%</b>                     | <b>122 023</b>   | <b>109 331</b>     |
| Compensation of employees                                  | 50 958           | (51)              | -          | 50 907           | 49 190             | 1 717        | 96.6%                            | 53 404           | 41 025             |
| Goods and services                                         | 13 804           | (23)              | 681        | 14 462           | 14 378             | 84           | 99.4%                            | 68 619           | 68 305             |
| <b>Transfers and subsidies</b>                             | <b>1 970 726</b> | <b>51</b>         | <b>-</b>   | <b>1 970 777</b> | <b>1 970 777</b>   | <b>0</b>     | <b>100.0%</b>                    | <b>2 084 975</b> | <b>2 084 975</b>   |
| Departmental agencies and accounts                         | 1 316 074        | 1 115             | -          | 1 317 189        | 1 317 189          | -            | 100.0%                           | 1 402 946        | 1 402 946          |
| Public corporations and private enterprises                | 645 223          | (1 115)           | -          | 644 108          | 644 108            | -            | 100.0%                           | 681 975          | 681 975            |
| Non-profit institutions                                    | 9 388            | -                 | -          | 9 388            | 9 388              | -            | 100.0%                           | -                | -                  |
| Households                                                 | 41               | 51                | -          | 92               | 92                 | 0            | 99.9%                            | 54               | 54                 |
| <b>Payments for capital assets</b>                         | <b>260</b>       | <b>23</b>         | <b>-</b>   | <b>283</b>       | <b>263</b>         | <b>20</b>    | <b>93.0%</b>                     | <b>316</b>       | <b>245</b>         |
| Machinery and equipment                                    | 260              | 23                | -          | 283              | 263                | 20           | 93.0%                            | 316              | 245                |
| <b>Total</b>                                               | <b>2 035 748</b> | <b>-</b>          | <b>681</b> | <b>2 036 429</b> | <b>2 034 608</b>   | <b>1 821</b> | <b>99.9%</b>                     | <b>2 209 730</b> | <b>2 196 964</b>   |

## NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2025

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

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

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

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

### 3. Detail on payments for financial assets

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

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

#### 4.1 Per programme

| Programme                                                | Final Budget     | Actual Expenditure | Variance      | Variance as a % of Final Budget |
|----------------------------------------------------------|------------------|--------------------|---------------|---------------------------------|
|                                                          | R'000            | R'000              | R'000         | %                               |
| Administration                                           | 166 669          | 165 699            | 970           | 0.6%                            |
| Sector Policy and Research                               | 45 248           | 37 311             | 7 937         | 17.5%                           |
| Integrated Cooperatives and Micro Enterprise Development | 171 199          | 142 681            | 28 518        | 16.7%                           |
| Enterprise Development, Innovation and Entrepreneurship  | 2 036 429        | 2 034 608          | 1 821         | 0.1%                            |
| <b>Total</b>                                             | <b>2 419 545</b> | <b>2 380 299</b>   | <b>39 246</b> | <b>1.6%</b>                     |

## NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2025

## 4.2 Per economic classification

| Economic classification                     | Final Budget     | Actual Expenditure | Variance      | Variance as a % of Final Budget |
|---------------------------------------------|------------------|--------------------|---------------|---------------------------------|
|                                             | R'000            | R'000              | R'000         | %                               |
| <b>Current payments</b>                     |                  |                    |               |                                 |
| Compensation of employees                   | 232 929          | 218 360            | 14 569        | 6.3%                            |
| Goods and services                          | 153 608          | 152 430            | 1 178         | 0.8%                            |
| <b>Transfers and subsidies</b>              |                  |                    |               |                                 |
| Departmental agencies and accounts          | 1 317 189        | 1 317 189          | -             | 0%                              |
| Public corporations and private enterprises | 697 397          | 674 108            | 23 289        | 3.3%                            |
| Non-profit institutions                     | 9 388            | 9 388              | -             | 0%                              |
| Households                                  | 1 645            | 1 641              | 4             | 0.2%                            |
| Payments for capital assets                 |                  |                    |               |                                 |
| Machinery and equipment                     | 7 178            | 7 130              | 48            | 0.7%                            |
| Intangible assets                           | 207              | 48                 | 159           | 76.6%                           |
| Payments for financial assets               | 4                | 3                  | 1             | 20.64%                          |
| <b>Total</b>                                | <b>2 419 545</b> | <b>2 380 299</b>   | <b>39 246</b> | <b>1.6%</b>                     |

Spending on **Compensation of Employees** was R218.4 million (93.7% of R232.9 million), with R14.6 million (6.3%) underspent due to a 19.6% vacancy rate (62 posts).

Spending on **Goods and Services** was R152.4 million (99.2% of R153.6 million), with R1.2 million (0.8%) underspent due to delays in finalising research procurement.

Spending on **Transfers and Subsidies** was R2.002 billion (98.9% of R2.026 billion), with R23.3 million (1.1%) underspent due to delayed implementation of the Product Markets Programme.

Spending on **Capital Assets** was R7.2 million (97.2% of R7.4 million), resulting in an underspend of R206,000 (2.8%).

Spending on **Financial Assets** was R3,000 (79.4% of R4,000), with R1,000 (20.6%) remaining unspent.

## STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2025

|                                             | Note     | 2024/25<br>R'000 | 2023/24<br>R'000 |
|---------------------------------------------|----------|------------------|------------------|
| <b>REVENUE</b>                              |          |                  |                  |
| Annual appropriation                        | 1        | 2 419 545        | 2 529 308        |
| Statutory appropriation                     |          | -                | -                |
| Departmental revenue                        | 2        | 503 835          | 2 419            |
| NRF Receipts                                |          | -                | -                |
| Aid assistance                              |          | 59 413           | 75 413           |
| <b>TOTAL REVENUE</b>                        |          | <b>2 982 793</b> | <b>2 607 140</b> |
| <b>EXPENDITURE</b>                          |          |                  |                  |
| <b>Current expenditure</b>                  |          |                  |                  |
| Compensation of employees                   | 4        | 218 361          | 181 452          |
| Goods and services                          | 5        | 152 431          | 138 413          |
| Interest and rent on land                   |          | -                | -                |
| Aid assistance                              | 3        | 9 282            | 8 974            |
| <b>Total current expenditure</b>            |          | <b>380 075</b>   | <b>328 839</b>   |
| <b>Transfers and subsidies</b>              |          |                  |                  |
| Transfers and subsidies                     | 7        | 2 002 326        | 2 155 746        |
| Aid assistance                              | 3        | 28 454           | 9 207            |
| <b>Total transfers and subsidies</b>        |          | <b>2 030 780</b> | <b>2 164 953</b> |
| <b>Expenditure for capital assets</b>       |          |                  |                  |
| Tangible assets                             | 8        | 7 130            | 6 700            |
| Intangible assets                           | 8        | 3 240            | 10 860           |
| <b>Total expenditure for capital assets</b> |          | <b>10 370</b>    | <b>17 560</b>    |
| <b>Payments for financial assets</b>        | <b>6</b> | <b>3</b>         | <b>2 516</b>     |
| <b>TOTAL EXPENDITURE</b>                    |          | <b>2 421 228</b> | <b>2 513 868</b> |
| <b>SURPLUS/(DEFICIT) FOR THE YEAR</b>       |          | <b>561 565</b>   | <b>93 272</b>    |

|                                                             |    |                |               |
|-------------------------------------------------------------|----|----------------|---------------|
| <b>Reconciliation of Net Surplus/(Deficit) for the year</b> |    |                |               |
| Voted funds                                                 |    | 39 246         | 44 481        |
| Annual appropriation                                        |    | 39 246         | 44 481        |
| Statutory appropriation                                     |    | -              | -             |
| Conditional grants                                          |    | -              | -             |
| Departmental revenue and NRF receipts                       | 13 | 503 835        | 2 419         |
| Aid assistance                                              | 3  | 18 484         | 46 372        |
| <b>SURPLUS/(DEFICIT) FOR THE YEAR</b>                       |    | <b>561 565</b> | <b>93 272</b> |

## STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2025

|                                                                             | Note | 2024/25<br>R'000 | 2023/24<br>R'000 |
|-----------------------------------------------------------------------------|------|------------------|------------------|
| <b>ASSETS</b>                                                               |      |                  |                  |
| <b>Current assets</b>                                                       |      | <b>45 049</b>    | <b>93 216</b>    |
| Cash and cash equivalents                                                   | 9    | 38 726           | 69 168           |
| Prepayments and advances                                                    | 10   | 6 313            | 23 922           |
| Receivables                                                                 | 11   | 10               | 126              |
| <b>Non-current assets</b>                                                   |      | <b>81</b>        | <b>31</b>        |
| Prepayments and advances                                                    | 10   | -                | -                |
| Receivables                                                                 | 11   | 81               | 31               |
| <b>TOTAL ASSETS</b>                                                         |      | <b>45 130</b>    | <b>93 247</b>    |
| <b>LIABILITIES</b>                                                          |      |                  |                  |
| <b>Current liabilities</b>                                                  |      | <b>45 094</b>    | <b>93 227</b>    |
| Voted funds to be surrendered to the Revenue Fund                           | 12   | 39 245           | 44 481           |
| Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund | 13   | 4                | 2 310            |
| Payables                                                                    | 14   | 53               | 64               |
| Aid assistance repayable                                                    | 3    | 5 792            | 46 372           |
| <b>Non-current liabilities</b>                                              |      |                  |                  |
| Payables                                                                    |      | -                | -                |
| <b>TOTAL LIABILITIES</b>                                                    |      | <b>45 094</b>    | <b>93 227</b>    |
| <b>NET ASSETS</b>                                                           |      | <b>36</b>        | <b>20</b>        |

|                          | Note | 2024/25<br>R'000 | 2023/24<br>R'000 |
|--------------------------|------|------------------|------------------|
| Represented by:          |      |                  |                  |
| Capitalisation reserve   |      | -                | -                |
| Recoverable revenue      |      | 36               | 20               |
| Retained funds           |      | -                | -                |
| Revaluation reserves     |      | -                | -                |
| Unauthorised expenditure |      | -                | -                |
| <b>TOTAL</b>             |      | <b>36</b>        | <b>20</b>        |

## STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2025

|                                                    | Note | 2024/25 | 2023/24 |
|----------------------------------------------------|------|---------|---------|
|                                                    |      | R'000   | R'000   |
| NET ASSETS                                         |      |         |         |
| Recoverable revenue                                |      |         |         |
| Opening balance                                    |      | 20      | 2 194   |
| Transfers:                                         |      | 16      | (2 174) |
| Recoverable revenue written off                    | 6.1  | -       | (2 516) |
| Debts revised                                      |      | -       | 324     |
| Debts recovered (included in departmental revenue) |      | (6)     | (6)     |
| Debts raised                                       |      | 22      | 24      |
| Closing balance                                    |      | 36      | 20      |
| TOTAL                                              |      | 36      | 20      |

**CASH FLOW STATEMENT**

for the year ended 31 March 2025

|                                                              | Note      | 2024/25<br>R'000 | 2023/24<br>R'000 |
|--------------------------------------------------------------|-----------|------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                  |           |                  |                  |
| Receipts                                                     |           | 2 982 552        | 2 607 140        |
| Annual appropriation funds received                          | 1         | 2 419 544        | 2 529 308        |
| Departmental revenue received                                | 2         | 503 392          | 1 207            |
| Interest received                                            | 2.3       | 203              | 1 212            |
| Aid assistance received                                      | 3         | 59 413           | 75 413           |
| Net (increase)/decrease in net working capital               |           | 17 614           | (21 516)         |
| Surrendered to Revenue Fund                                  |           | (550 622)        | (19 080)         |
| Surrendered to RDP Fund/Donor                                |           | (59 064)         | (30 262)         |
| Current payments                                             |           | (380 074)        | (328 839)        |
| Payments for financial assets                                | 6         | (3)              | (2 516)          |
| Transfers and subsidies paid                                 |           | (2 030 780)      | (2 164 953)      |
| <b>Net cash flow available from operating activities</b>     | <b>15</b> | <b>(20 378)</b>  | <b>39 974</b>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                  |           |                  |                  |
| Payments for capital assets                                  | 8         | (10 370)         | (17 560)         |
| Proceeds from sale of capital assets                         | 2.4       | 240              | -                |
| (Increase)/decrease in non-current receivables               | 11        | 50               | 2 393            |
| <b>Net cash flow available from investing activities</b>     |           | <b>(10 080)</b>  | <b>(15 167)</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                  |           |                  |                  |
| Increase/(decrease) in net assets                            |           | 16               | (2 174)          |
| Increase/(decrease) in non-current payables                  |           | -                | -                |
| <b>Net cash flows from financing activities</b>              |           | <b>16</b>        | <b>(2 174)</b>   |
| Net increase/(decrease) in cash and cash equivalents         |           | (30 442)         | 22 633           |
| Cash and cash equivalents at beginning of period             |           | 69 168           | 46 535           |
| Unrealised gains and losses within cash and cash equivalents |           |                  | -                |
| <b>Cash and cash equivalents at end of period</b>            | <b>16</b> | <b>38 726</b>    | <b>69 168</b>    |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

### 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 prepared on a going concern basis.

#### 3. Presentation currency

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

#### 4. Rounding

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

#### 5. 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.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

### 7. Revenue

#### 7.1 Appropriated funds

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

Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.

Appropriated funds are measured at the amounts receivable.

The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.

#### 7.2 Departmental revenue

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

Departmental revenue is measured at the cash amount received.

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

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

#### 7.3 Accrued departmental revenue

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and
- the amount of revenue can be measured reliably.

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

Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents. Write-offs are made according to the department's debt write-off policy.

### 8. Expenditure

#### 8.1 Compensation of employees

##### 8.1.1 Salaries and wages

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

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

### 8.1.2 Social contributions

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

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

### 8.2 Other expenditure

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

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

### 8.3 Accruals and payables not recognised

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

### 8.4 Leases

#### 8.4.1 Operating leases

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

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

#### 8.4.2 Finance leases

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

The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.

At commencement of the finance lease term, finance lease assets acquired are recorded and measured at:

- the fair value of the leased asset; or if lower,
- the present value of the minimum lease payments.

Finance lease assets acquired prior to 1 April 2024, are recorded and measured at the present value of the minimum lease payments.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

### 9. Aid assistance

#### 9.1 Aid assistance received

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

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

#### 9.2 Aid assistance paid

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

### 10. Cash and cash equivalents

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

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

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

### 11. Prepayments and advances

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

Prepayments and advances are initially and subsequently measured at cost.

Prepayments and advances expensed before 1 April 2024 are recorded until the goods and services are received.

### 12. Loans and receivables

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

### 13. Investments

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

### 14. Financial assets

#### 14.1 Financial assets (not covered elsewhere)

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

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

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

### 14.2 Impairment of financial assets

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.

### 15. Payables

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

### 16. Capital assets

#### 16.2 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.

#### 16.3 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.

#### 16.4 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.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

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### 17. Provisions and contingents

#### 17.1 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.

#### 17.2 Contingent liabilities

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

#### 17.3 Contingent assets

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

#### 17.4 Capital commitments

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

### 18. Unauthorised expenditure

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

Unauthorised expenditure is recognised in the statement of changes in net assets until such time as the expenditure is either:

- 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.

Unauthorised expenditure recorded in the notes to the financial statements comprise of:

- 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 expenditure incurred in the current year.

### 19. Fruitless and wasteful expenditure

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.

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

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

- 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.

### 20. Irregular expenditure

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

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

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

### 21. Changes in accounting policies, estimates and errors

Changes in accounting policies are applied in accordance with MCS requirements.

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

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

### 22. Events after the reporting date

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

### 23. Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.

### 24. Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

### 25. Related party transactions

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

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

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

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### 26. Public-Private Partnerships

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

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

### 27. Employee benefits

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

Accruals and payables not recognised for employee benefits are measured at cost or fair value at the reporting date. The provision for employee benefits is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## PART B: EXPLANATORY NOTES

## 1. ANNUAL APPROPRIATION

## 1.1 Annual Appropriation

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

| Programmes                                              | 2024/25          |                       |                                    | 2023/24          |                        |                                    |
|---------------------------------------------------------|------------------|-----------------------|------------------------------------|------------------|------------------------|------------------------------------|
|                                                         | Final Budget     | Actual Funds Received | Funds not requested / not received | Final Budget     | Appropriation Received | Funds not requested / not received |
|                                                         | R'000            | R'000                 | R'000                              | R'000            | R'000                  | R'000                              |
| Administration                                          | 166 511          | 166 511               | -                                  | 135 580          | 135 580                | -                                  |
| Sector Policy and Research                              | 45 406           | 45 406                | -                                  | 150 890          | 150 890                | -                                  |
| Integrated Cooperatives and Micro Enterprise            | 171 199          | 171 199               | -                                  | 795 996          | 795 996                | -                                  |
| Enterprise Development, Innovation and Entrepreneurship | 2 036 429        | 2 036 428             | 1                                  | 1 446 842        | 1 446 842              | -                                  |
| <b>Total</b>                                            | <b>2 419 545</b> | <b>2 419 544</b>      | <b>1</b>                           | <b>2 529 308</b> | <b>2 529 308</b>       | <b>-</b>                           |

The difference is due to rounding-off challenges on the approved cash flow.

## 2. DEPARTMENTAL REVENUE

|                                                       | Note | 2024/25        | 2023/24      |
|-------------------------------------------------------|------|----------------|--------------|
|                                                       |      | R'000          | R'000        |
| Tax revenue                                           |      | -              | -            |
| Sales of goods and services other than capital assets | 2.1  | 64             | 62           |
| Fines, penalties and forfeits                         | 2.2  | 11             | 3            |
| Interest, dividends and rent on land                  | 2.3  | 203            | 1 212        |
| Sales of capital assets                               | 2.4  | 240            | -            |
| Transactions in financial assets and liabilities      | 2.5  | 503 106        | 1 142        |
| Transfers received                                    | 2.6  | 211            | -            |
| <b>Total revenue collected</b>                        |      | <b>503 835</b> | <b>2 419</b> |
| Less: Own revenue included in appropriation           | 19   | -              | -            |
| <b>Total</b>                                          |      | <b>503 835</b> | <b>2 419</b> |

Revenue collected consists of rent collected from the employee's covered parking, commission received on third-party deductions, GEPI forfeits, interest received from the commercial bank, proceedings from the sale of the departmental vehicle, unspent funds by the DSBD entity, and proceeds from the insurance payout.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

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

|                                                        | Note | 2024/25   | 2023/24   |
|--------------------------------------------------------|------|-----------|-----------|
|                                                        |      | R'000     | R'000     |
| Sales of goods and services produced by the department |      | 64        | 62        |
| Sales by market establishment                          |      | 15        | 17        |
| Other sales                                            |      | 49        | 45        |
| <b>Total</b>                                           | 2    | <b>64</b> | <b>62</b> |

Revenue collected consists of rent collected from the employee's covered parking, and commission received on third-party deductions.

**2.2 Fines, penalties and forfeits**

|              | Note | 2024/25   | 2023/24  |
|--------------|------|-----------|----------|
|              |      | R'000     | R'000    |
| Forfeits     |      | 11        | 3        |
| <b>Total</b> | 2    | <b>11</b> | <b>3</b> |

Forfeited monies by DSBD employees from GEHS collected by the department.

**2.3 Interest, dividends and rent on land**

|              | Note | 2024/25    | 2023/24      |
|--------------|------|------------|--------------|
|              |      | R'000      | R'000        |
| Interest     |      | 203        | 1 212        |
| <b>Total</b> | 2    | <b>203</b> | <b>1 212</b> |

Interest received from the commercial bank.

**2.4 Sales of capital assets**

|                         | Note | 2024/25    | 2023/24  |
|-------------------------|------|------------|----------|
|                         |      | R'000      | R'000    |
| Tangible capital assets |      | 240        | -        |
| Machinery and equipment |      | 240        | -        |
| <b>Total</b>            | 2    | <b>240</b> | <b>-</b> |

Proceedings from the sale of the departmental vehicle.

**2.5 Transactions in financial assets and liabilities**

|                                              | Note | 2024/25        | 2023/24      |
|----------------------------------------------|------|----------------|--------------|
|                                              |      | R'000          | R'000        |
| Receivables                                  |      | 6              | 1 122        |
| Other receipts including Recoverable Revenue |      | 503 100        | 20           |
| <b>Total</b>                                 | 2    | <b>503 106</b> | <b>1 142</b> |

Unspent funds by the DSBD entity.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## 2.6 Transfers received

|                                             | Note | 2024/25    | 2023/24  |
|---------------------------------------------|------|------------|----------|
|                                             |      | R'000      | R'000    |
| Public corporations and private enterprises |      | 211        | -        |
| <b>Total</b>                                | 2    | <b>211</b> | <b>-</b> |

*Proceeds from the insurance payout.*

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

|                                                                 | Note     | 2024/25  | 2023/24    |
|-----------------------------------------------------------------|----------|----------|------------|
|                                                                 |          | R'000    | R'000      |
|                                                                 | Annex 1E |          |            |
| Gifts                                                           |          | 5        | 6          |
| Donations                                                       |          | -        | 1          |
| Sponsorships                                                    |          | -        | 203        |
| <b>Total gifts, donations and sponsorships received in kind</b> |          | <b>5</b> | <b>210</b> |

*Gifts received and declared by DSBD officials.*

## 3. AID ASSISTANCE

|                                                     | Note | 2024/25      | 2023/24       |
|-----------------------------------------------------|------|--------------|---------------|
|                                                     |      | R'000        | R'000         |
| Opening balance                                     |      | 46 372       | 30 262        |
| Prior period error                                  |      |              |               |
| As restated                                         |      | 46 372       | 30 262        |
| Transferred from statement of financial performance |      | 18 484       | 46 372        |
| Transfers to or from retained funds                 |      | -            | -             |
| Paid during the year                                |      | (59 064)     | (30 262)      |
| <b>Closing balance</b>                              |      | <b>5 792</b> | <b>46 372</b> |

*R5.792m repayable to the RDP fund in line with the signed MoA.*

## 3.1 Analysis of balance by source

|                                   | Note | 2024/25      | 2023/24       |
|-----------------------------------|------|--------------|---------------|
|                                   |      | R'000        | R'000         |
| Aid assistance from RDP           |      | 5 792        | 46 372        |
| Aid assistance from other sources |      | -            | -             |
| CARA Funds                        |      | -            | -             |
| <b>Closing balance</b>            | 3    | <b>5 792</b> | <b>46 372</b> |

*R5.792m repayable to the RDP fund in line with the signed MoA.*

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## 3.2 Analysis of balance

|                                           | Note | 2024/25      | 2023/24       |
|-------------------------------------------|------|--------------|---------------|
|                                           |      | R'000        | R'000         |
| Aid assistance receivable                 |      | -            | -             |
| Aid assistance prepayments (not expensed) |      | -            | -             |
| Aid assistance unutilised                 |      | -            | -             |
| Aid assistance repayable                  |      | 5 792        | 46 372        |
| <b>Closing balance</b>                    | 3    | <b>5 792</b> | <b>46 372</b> |

R5.792m repayable to the RDP fund in line with the signed MoA.

## 3.3 Aid assistance expenditure per economic classification.

|                                         | Note | 2024/25       | 2023/24       |
|-----------------------------------------|------|---------------|---------------|
|                                         |      | R'000         | R'000         |
| Current                                 |      | 9 283         | 8 974         |
| Capital                                 | 8    | 3 192         | 10 860        |
| Transfers and subsidies                 |      | 28 454        | 9 207         |
| <b>Total aid assistance expenditure</b> |      | <b>40 929</b> | <b>29 041</b> |

EDSE operational expenditure and transfers and subsidies.

## 4. COMPENSATION OF EMPLOYEES

## 4.1 Analysis of balance

|                                  | Note | 2024/25        | 2023/24        |
|----------------------------------|------|----------------|----------------|
|                                  |      | R'000          | R'000          |
| Basic salary                     |      | 151 697        | 125 481        |
| Service based                    |      | 120            | 10             |
| Compensative/circumstantial      |      | 4 131          | 3 156          |
| Periodic payments                |      | 2 102          | 2 076          |
| Other non-pensionable allowances |      | 36 756         | 31 831         |
| <b>Total</b>                     |      | <b>194 806</b> | <b>162 554</b> |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## 4.2 Social contributions

|                                        | Note | 2024/25        | 2023/24        |
|----------------------------------------|------|----------------|----------------|
|                                        |      | R'000          | R'000          |
| Employer contributions                 |      |                |                |
| Pension                                |      | 17 822         | 14 440         |
| Medical                                |      | 5 698          | 4 429          |
| Bargaining council                     |      | 35             | 29             |
| <b>Total</b>                           |      | <b>23 555</b>  | <b>18 898</b>  |
| <b>Total compensation of employees</b> |      | <b>218 361</b> | <b>181 452</b> |
| <b>Average number of employees</b>     |      | <b>298</b>     | <b>253</b>     |

## 5. GOODS AND SERVICES

|                                                           | Note | 2024/25        | 2023/24        |
|-----------------------------------------------------------|------|----------------|----------------|
|                                                           |      | R'000          | R'000          |
| Administrative fees                                       |      | 5 053          | 5 936          |
| Advertising                                               |      | 145            | 841            |
| Minor assets                                              | 5.1  | 27             | 26             |
| Bursaries (employees)                                     |      | 1 787          | 1 368          |
| Catering                                                  |      | 1 929          | 1 147          |
| Communication                                             |      | 2 693          | 600            |
| Computer services                                         | 5.2  | 5 890          | 4 376          |
| Consultants: Business and advisory services               | 5.9  | 6 800          | 5 687          |
| Legal services                                            |      | 133            | 1 670          |
| Contractors                                               |      | 780            | 410            |
| Agency and support / outsourced services                  |      | 20             | 395            |
| Audit cost - external                                     | 5.3  | 3 652          | 3 419          |
| Fleet services                                            |      | 3 186          | 2 672          |
| Inventories                                               | 5.4  | 46 577         | 57 474         |
| Consumables                                               | 5.5  | 1 142          | 719            |
| Operating leases                                          |      | 11 124         | 10 225         |
| Property payments                                         | 5.6  | 1 450          | 1 533          |
| Rental and hiring                                         |      | -              | 1 738          |
| Transport provided as part of the departmental activities |      | -              | -              |
| Travel and subsistence                                    | 5.7  | 41 666         | 31 719         |
| Venues and facilities                                     |      | 15 116         | 3 179          |
| Training and development                                  |      | 2 055          | 983            |
| Other operating expenditure                               | 5.8  | 1 206          | 2 296          |
| <b>Total</b>                                              |      | <b>152 431</b> | <b>138 413</b> |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

**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.**Venues and facilities:** Departmental activities such as Imbizos and others related to training MSME and Presidential MSME and Cooperatives Awards**Operating lease:** The operating lease expenditure is largely made of payments made towards DPW and the dtic for office space rental.**Consultants:** Research, advisory and Incorporating of DSBD entities to SEDFA and other HRD related consultation on other services.**Computer services:** Payments to SITA for the desktop support services provided to DSBD and Microsoft.**Administrative fees:** Expenditure related to travel bookings, MSME registration to attend expos in foreign countries as well as bank charges and access to online library.**Audit fees:** Regulatory audit for DSBD.**Fleet services:** The expenditure is due to the nature of the business that the department provides which requires officials to travel consistently.**Communications:** Payments to SITA for the desktop support services provided to DSBD and Microsoft.**Training and Development:** Training attended by DSBD officials**5.1 Minor assets**

|                                | Note | 2024/25<br>R'000 | 2023/24<br>R'000 |
|--------------------------------|------|------------------|------------------|
| <b>Tangible capital assets</b> |      | <b>27</b>        | <b>26</b>        |
| Machinery and equipment        |      | 27               | 26               |
| <b>Total</b>                   | 5    | <b>27</b>        | <b>26</b>        |

*Foldable trolley to move staff at parliament and parliament towers, flatbed trolley for food aid purposes, and Wi-Fi routers for the ICT unit.***5.2 Computer services**

|                                     | Note | 2024/25<br>R'000 | 2023/24<br>R'000 |
|-------------------------------------|------|------------------|------------------|
| SITA computer services              |      | 2 622            | 1 768            |
| External computer service providers |      | 3 268            | 2 608            |
| <b>Total</b>                        | 5    | <b>5 890</b>     | <b>4 376</b>     |

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

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## 5.3 Audit cost - external

|                   | Note | 2024/25      | 2023/24      |
|-------------------|------|--------------|--------------|
|                   |      | R'000        | R'000        |
| Regularity audits |      | 3 652        | 3 419        |
| <b>Total</b>      | 5    | <b>3 652</b> | <b>3 419</b> |

2023/24 Regulatory audit by AGSA

## 5.4 Inventories

|                | Note  | 2024/25       | 2023/24       |
|----------------|-------|---------------|---------------|
|                |       | R'000         | R'000         |
| Other supplies | 5.4.1 | 46 577        | 57 474        |
| <b>Total</b>   | 5     | <b>46 577</b> | <b>57 474</b> |

Expenditure for equipment procured for redistribution to beneficiaries under IMEDP.

## 5.5 Other supplies

|                         | Note | 2024/25       | 2023/24       |
|-------------------------|------|---------------|---------------|
|                         |      | R'000         | R'000         |
| Assets for distribution |      | 46 577        | 57 474        |
| Machinery and equipment |      | 46 577        | 57 474        |
| Other                   |      | -             | -             |
| <b>Total</b>            | 5.4  | <b>46 577</b> | <b>57 474</b> |

Equipment procured for redistribution to IMEDP beneficiaries.

## 5.5 Consumables

|                                          | Note | 2024/25      | 2023/24    |
|------------------------------------------|------|--------------|------------|
|                                          |      | R'000        | R'000      |
| Consumable supplies                      |      | 713          | 568        |
| Uniform and clothing                     |      | 119          | 139        |
| Household supplies                       |      | 34           | 247        |
| Building material and supplies           |      | 30           | 24         |
| IT consumables                           |      | 28           | -          |
| Other consumables                        |      | 502          | 158        |
| Stationery, printing and office supplies |      | 429          | 151        |
| <b>Total</b>                             | 5    | <b>1 142</b> | <b>719</b> |

Consumable supplies mainly for gifts bought for employees who were hospitalised, business Bluetooth headphones, and stationery for departmental use.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## 5.6 Property payments

|                    | Note | 2024/25      | 2023/24      |
|--------------------|------|--------------|--------------|
|                    |      | R'000        | R'000        |
| Municipal services |      | 797          | 1 011        |
| Other              |      | 653          | 522          |
| <b>Total</b>       | 5    | <b>1 450</b> | <b>1 533</b> |

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

## 5.7 Travel and subsistence

|              | Note | 2024/25       | 2023/24       |
|--------------|------|---------------|---------------|
|              |      | R'000         | R'000         |
| Local        |      | 32 271        | 25 852        |
| Foreign      |      | 9 395         | 5 867         |
| <b>Total</b> | 5    | <b>41 666</b> | <b>31 719</b> |

*The nature of the business that the department provides which requires officials to travel consistently, as well as SMME exposure to international markets.*

## 5.8 Other operating expenditure

|                                                       | Note | 2024/25      | 2023/24      |
|-------------------------------------------------------|------|--------------|--------------|
|                                                       |      | R'000        | R'000        |
| Professional bodies, membership and subscription fees |      | 441          | 30           |
| Resettlement costs                                    |      | 634          | 1 157        |
| Other                                                 |      | 131          | 1 109        |
| <b>Total</b>                                          | 5    | <b>1 206</b> | <b>2 296</b> |

## 6. PAYMENTS FOR FINANCIAL ASSETS

|                   | Note | 2024/25  | 2023/24      |
|-------------------|------|----------|--------------|
|                   |      | R'000    | R'000        |
| Debts written off | 6.1  | 3        | 2 516        |
| <b>Total</b>      |      | <b>3</b> | <b>2 516</b> |

*The State Attorney advised write-off as recovery of the debt would be uneconomical.*

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## 6.1 Debts written off

|                                                                        | Note | 2024/25<br>R'000 | 2023/24<br>R'000 |
|------------------------------------------------------------------------|------|------------------|------------------|
| <b>Nature of debts written off</b>                                     |      |                  |                  |
| <b>Recoverable revenue written off</b>                                 |      |                  |                  |
| Total amount of debts that have prescribed and could not be recovered. |      | -                | 2 516            |
| <b>Total</b>                                                           |      | <b>-</b>         | <b>2 516</b>     |
| Other debt written off                                                 |      |                  |                  |
| Irrecoverable debt                                                     |      | 3                | -                |
| <b>Total</b>                                                           |      | <b>3</b>         | <b>-</b>         |
| <b>Total debt written off</b>                                          | 6    | <b>3</b>         | <b>2 516</b>     |

## 7. TRANSFERS AND SUBSIDIES

|                                             | Note     | 2024/25<br>R'000 | 2023/24<br>R'000 |
|---------------------------------------------|----------|------------------|------------------|
| Departmental agencies and accounts          | Annex 1A | 1 317 189        | 1 404 484        |
| Public corporations and private enterprises | Annex 1B | 674 108          | 742 445          |
| Non-profit institutions                     | Annex 1C | 9 388            | 8 000            |
| Households                                  | Annex 1D | 1 641            | 817              |
| <b>Total</b>                                |          | <b>2 002 326</b> | <b>2 155 746</b> |

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

## 7.1 Gifts, donations and sponsorships made in kind (not included in the main note)

|              | Note<br>Annex 1G | 2024/25<br>R'000 | 2023/24<br>R'000 |
|--------------|------------------|------------------|------------------|
| Donations    |                  | 17               | -                |
| <b>Total</b> |                  | <b>17</b>        | <b>-</b>         |

## 8. EXPENDITURE FOR CAPITAL ASSETS

|                                  | Note | 2024/25<br>R'000 | 2023/24<br>R'000 |
|----------------------------------|------|------------------|------------------|
| <b>Tangible capital assets</b>   |      | <b>7 130</b>     | <b>6 700</b>     |
| Machinery and equipment          |      | 7 130            | 6 700            |
| <b>Intangible capital assets</b> |      | <b>3 240</b>     | <b>10 860</b>    |
| Software                         |      | 3 240            | 10 860           |
| <b>Total</b>                     |      | <b>10 370</b>    | <b>17 560</b>    |

Ergonomic office chairs for officials, laptops, and Job Access With Speech (JAWS) screen reader software for vision impaired official, including cell phone and printing machine contract.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## 8.1 Analysis of funds utilised to acquire capital assets - Current year

| Name of entity                   | 2024/25      |                |               |
|----------------------------------|--------------|----------------|---------------|
|                                  | Voted funds  | Aid assistance | Total         |
|                                  | R'000        | R'000          | R'000         |
| <b>Tangible capital assets</b>   | <b>7 130</b> | <b>-</b>       | <b>7 130</b>  |
| Machinery and equipment          | 7 130        | -              | 7 130         |
| <b>Intangible capital assets</b> | <b>48</b>    | <b>3 192</b>   | <b>3 240</b>  |
| Software                         | 48           | 3 192          | 3 240         |
| <b>Total</b>                     | <b>7 178</b> | <b>3 192</b>   | <b>10 370</b> |

Ergonomic office chairs for officials, laptops, and Job Access With Speech (JAWS) screen reader software for vision impaired official, including cell phone and printing machine contract.

Note

## 8.2 Analysis of funds utilised to acquire capital assets - Prior year

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

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

|                         | Note | 2024/25      | 2023/24      |
|-------------------------|------|--------------|--------------|
|                         |      | R'000        | R'000        |
| Tangible capital assets |      | 2 252        | 2 061        |
| Machinery and equipment |      | 2 252        | 2 061        |
| <b>Total</b>            |      | <b>2 252</b> | <b>2 061</b> |

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

## 9. CASH AND CASH EQUIVALENTS

|                                        | Note | 2024/25       | 2023/24       |
|----------------------------------------|------|---------------|---------------|
|                                        |      | R'000         | R'000         |
| Consolidated Paymaster General Account |      | 38 155        | 54 291        |
| Disbursements                          |      | 483           | -             |
| Cash on hand                           |      | 66            | 66            |
| Investments (Domestic)                 |      | 22            | 14 811        |
| <b>Total</b>                           |      | <b>38 726</b> | <b>69 168</b> |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## 10. PREPAYMENTS AND ADVANCES

|                              | Note | 2024/25      | 2023/24       |
|------------------------------|------|--------------|---------------|
|                              |      | R'000        | R'000         |
| Travel and subsistence       |      | -            | 9             |
| Prepayments (Not expensed)   | 10.2 | 523          | 484           |
| Advances paid (Not expensed) | 10.1 | 5 790        | 23 429        |
| <b>Total</b>                 |      | <b>6 313</b> | <b>23 922</b> |

## Analysis of Total Prepayments and advances

|                                      |  |              |               |
|--------------------------------------|--|--------------|---------------|
| Current Prepayments and advances     |  | 6 313        | 23 922        |
| Non-current Prepayments and advances |  | -            | -             |
| <b>Total</b>                         |  | <b>6 313</b> | <b>23 922</b> |

Advance to DALRRD or EDSE projects; Prepayment for Microsoft software and Signiflow system.

Note

## 10.1 Advances paid (Not expensed)

|                      | Note      | 2024/25                   |                                        |                   |                           |                            |
|----------------------|-----------|---------------------------|----------------------------------------|-------------------|---------------------------|----------------------------|
|                      |           | Amount as at 1 April 2024 | Less: Amounts expensed in current year | Add / Less: Other | Add Current year advances | Amount as at 31 March 2025 |
|                      |           | R'000                     | R'000                                  | R'000             | R'000                     | R'000                      |
| National departments |           | 23 429                    | -                                      | (30 695)          | 13 056                    | 5 790                      |
| Public entities      |           | -                         | (18 500)                               | -                 | 18 500                    | -                          |
| <b>Total</b>         | <b>10</b> | <b>23 429</b>             | <b>(18 500)</b>                        | <b>(30 695)</b>   | <b>31 556</b>             | <b>5 790</b>               |

Advance to DALRRD for EDSE projects.

|                      | 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                    | -                          |
| <b>Total</b>         | <b>10</b> | <b>16 258</b>             | <b>(29 530)</b>                        | <b>(20 190)</b>   | <b>56 891</b>             | <b>23 429</b>              |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## 10.2 Prepayments (Not expensed)

|                    | Note      | 2024/25                         |                                                 |                      |                                      |                                  |
|--------------------|-----------|---------------------------------|-------------------------------------------------|----------------------|--------------------------------------|----------------------------------|
|                    |           | Amount as<br>at 1 April<br>2024 | Less:<br>Amounts<br>expensed in<br>current year | Add / Less:<br>Other | Add Current<br>year prepay-<br>ments | Amount as<br>at 31 March<br>2025 |
|                    |           | R'000                           | R'000                                           | R'000                | R'000                                | R'000                            |
| Goods and services |           | 484                             | (2 504)                                         | -                    | 2 543                                | 523                              |
| <b>Total</b>       | <b>10</b> | <b>484</b>                      | <b>(2 504)</b>                                  | <b>-</b>             | <b>2 543</b>                         | <b>523</b>                       |

Prepayment to MultiChoice for official DSTV, Microsoft, and Signiflow system.

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

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## 11. RECEIVABLES

|                         | Note | 2024/25   |             |           | 2023/24    |             |            |
|-------------------------|------|-----------|-------------|-----------|------------|-------------|------------|
|                         |      | 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         |
| Recoverable expenditure | 11.2 | (24)      | -           | (24)      | 29         | 4           | 33         |
| Staff debt              | 11.3 | 34        | 81          | 115       | 43         | 27          | 70         |
| <b>Total</b>            |      | <b>10</b> | <b>81</b>   | <b>91</b> | <b>126</b> | <b>31</b>   | <b>157</b> |

The salary reversed balance was cleared with the cash in transit from STD bank interfaced to the PMG in April 2025.

## 11.1 Claims recoverable

|                        | Note | 2024/25 | 2023/24   |
|------------------------|------|---------|-----------|
|                        |      | R'000   | R'000     |
| Provincial departments |      | -       | 54        |
| <b>Total</b>           | 11   | -       | <b>54</b> |

## 11.2 Recoverable expenditure

|                       | Note | 2024/25     | 2023/24   |
|-----------------------|------|-------------|-----------|
|                       |      | R'000       | R'000     |
| Sal: ACB Recalls      |      | (24)        | -         |
| Sal: Reversal account |      | -           | 24        |
| Sal: Tax debt         |      | -           | 9         |
| <b>Total</b>          | 11   | <b>(24)</b> | <b>33</b> |

Official resigned in March resulting in a salary recall.

Note

## 11.3 Staff debt

|                                      | Note | 2024/25    | 2023/24   |
|--------------------------------------|------|------------|-----------|
|                                      |      | R'000      | R'000     |
| Salary overpayment                   |      | 73         | 39        |
| Tax debt                             |      | 6          | 10        |
| Tool of trade and breach of contract |      | 21         | 21        |
| Bursary debt                         |      | 15         | -         |
| <b>Total</b>                         | 11   | <b>115</b> | <b>70</b> |

Debts from current and ex-employees. Unresponsive debts forwarded to Legal Services.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## 12. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND

|                                                                   | Note | 2024/25       | 2023/24       |
|-------------------------------------------------------------------|------|---------------|---------------|
|                                                                   |      | R'000         | R'000         |
| Opening balance                                                   |      | 44 481        | 18 968        |
| Prior period error                                                |      |               |               |
| As restated                                                       |      | 44 481        | 18 968        |
| Transferred from statement of financial performance (as restated) |      | 39 246        | 44 481        |
| Voted funds not requested/not received                            | 1.1  | (1)           | -             |
| Paid during the year                                              |      | (44 481)      | (18 968)      |
| <b>Closing balance</b>                                            |      | <b>39 245</b> | <b>44 481</b> |

2023/24 R44.5m balance was surrendered a month after final audit.

## 13. DEPARTMENTAL REVENUE AND NRF RECEIPTS TO BE SURRENDERED TO THE REVENUE FUND

|                                                                   | Note | 2024/25   | 2023/24      |
|-------------------------------------------------------------------|------|-----------|--------------|
|                                                                   |      | R'000     | R'000        |
| Opening balance                                                   |      | 2 310     | 3            |
| Prior period error                                                |      |           | -            |
| As restated                                                       |      | 2 310     | 3            |
| Transferred from statement of financial performance (as restated) |      | 503 835   | 2 419        |
| Paid during the year                                              |      | (506 141) | (112)        |
| <b>Closing balance</b>                                            |      | <b>4</b>  | <b>2 310</b> |

Short deposit on revenue collected.

## 14. PAYABLES – CURRENT

|                   | Note | 2024/25   | 2023/24   |
|-------------------|------|-----------|-----------|
|                   |      | R'000     | R'000     |
| Clearing accounts | 14.1 | 53        | 64        |
| <b>Total</b>      |      | <b>53</b> | <b>64</b> |

## 14.1. Clearing accounts

| Description       | Note | 2024/25   | 2023/24   |
|-------------------|------|-----------|-----------|
|                   |      | R'000     | R'000     |
| Sal: Income Tax   |      | 53        | 52        |
| Sal: Pension Fund |      | -         | 12        |
| <b>Total</b>      | 14   | <b>53</b> | <b>64</b> |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## 15. NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES

|                                                                  | Note | 2024/25<br>R'000 | 2023/24<br>R'000 |
|------------------------------------------------------------------|------|------------------|------------------|
| Net surplus/(deficit) as per Statement of Financial Performance  |      | 561 565          | 93 272           |
| Add back non-cash/cash movements not deemed operating activities |      | (581 943)        | (53 298)         |
| (Increase)/decrease in receivables                               |      | 16               | 69               |
| (Increase)/decrease in prepayments and advances                  |      | 17 609           | (7 621)          |
| Increase/(decrease) in payables - current                        |      | (11)             | (13 964)         |
| Proceeds from sale of capital assets                             |      | (240)            | -                |
| Expenditure on capital assets                                    |      | 10 370           | 17 560           |
| Surrenders to Revenue Fund                                       |      | (550 622)        | (19 080)         |
| Surrenders to RDP Fund/Donors                                    |      | (59 064)         | (30 262)         |
| Voted funds not requested/not received                           |      | (1)              | -                |
| <b>Net cash flow generated by operating activities</b>           |      | <b>(20 378)</b>  | <b>39 974</b>    |

## 16. RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES

|                                        | Note | 2024/25<br>R'000 | 2023/24<br>R'000 |
|----------------------------------------|------|------------------|------------------|
| Consolidated Paymaster General account |      | 38 155           | 54 291           |
| Disbursements                          |      | 483              | -                |
| Cash on hand                           |      | 66               | 66               |
| Cash with commercial banks (Local)     |      | 22               | 14 811           |
| <b>Total</b>                           |      | <b>38 726</b>    | <b>69 168</b>    |

Disbursement item is a cancelled payment posted in April 2025; cash with commercial bank is money received in March from the commercial bank but interfaced to PMG in April 2025.

## 17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

## 17.1 Contingent liabilities

|                               |        | Note    | 2024/25<br>R'000 | 2023/24<br>R'000 |
|-------------------------------|--------|---------|------------------|------------------|
| Liable to                     | Nature |         |                  |                  |
| Claims against the department |        | Annex 2 | 800              | 200              |
| <b>Total</b>                  |        |         | <b>800</b>       | <b>200</b>       |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

Chapter 14 of the DAM states that “in measuring a contingent liability relating to a legal claim against the department, it does not include an estimate of its legal costs to be incurred. The reason is that the recognition of a liability or disclosure of a contingent liability is based on past events that give rise to the obligation. In this case, the past event would be the performance of the work by the legal practitioners.

The department’s legal costs are considered part of its future conduct and are subject to and within the control of the entity’s future actions. As a result, there is no past event at the reporting date that would give rise to a liability or contingent liability concerning the department’s estimate of its legal costs.”

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. The case is dormant.

Applicant alleges non-payment of the BBSDP grant.

## 18. CAPITAL COMMITMENTS.

|                         | Note | 2024/25    | 2023/24   |
|-------------------------|------|------------|-----------|
|                         |      | R’000      | R’000     |
| Machinery and equipment |      | 675        | 52        |
| <b>Total</b>            |      | <b>675</b> | <b>52</b> |

Live streaming equipment and JAWS software.

## 19. ACCRUALS AND PAYABLES NOT RECOGNISED

## 19.1 Accruals

|                                   | Note | 2024/25 |          |       | 2023/24 |
|-----------------------------------|------|---------|----------|-------|---------|
|                                   |      | 30 Days | 30+ Days | Total | Total   |
|                                   |      | R'000   | R'000    | R'000 | R'000   |
| Listed by economic classification |      |         |          |       |         |
| Goods and services                |      | 2 091   | 1 160    | 3 252 | 2 138   |
| Capital assets                    |      | 10      | -        | 10    | -       |
| Total                             |      | 2 102   | 1 160    | 3 262 | 2 138   |

|                                                           | Note | 2024/25 | 2023/24 |
|-----------------------------------------------------------|------|---------|---------|
|                                                           |      | R'000   | R'000   |
| Listed by programme level                                 |      |         |         |
| Administration                                            |      | 2 341   | 1 272   |
| Sector Policy & Research                                  |      | 269     | 172     |
| Integrated Co-Operatives and Micro Enterprise Development |      | 306     | 388     |
| Enterprise Development, Innovation Entrepreneurship       |      | 346     | 307     |
| Total                                                     |      | 3 262   | 2 138   |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## 19.2 Payables not recognised

|                                   | Note | 2024/25 |          |       | 2023/24 |
|-----------------------------------|------|---------|----------|-------|---------|
|                                   |      | 30 Days | 30+ Days | Total | Total   |
|                                   |      | R'000   | R'000    | R'000 | R'000   |
| Listed by economic classification |      |         |          |       |         |
| Goods and services                |      | 296     | 40       | 336   | 349     |
| Capital assets                    |      | 4       | -        | 4     | -       |
| Total                             |      | 300     | 40       | 341   | 349     |

|                                                           | Note | 2024/25 | 2023/24 |
|-----------------------------------------------------------|------|---------|---------|
|                                                           |      | R'000   | R'000   |
| Listed by programme level                                 |      |         |         |
| Administration                                            |      | 296     | 349     |
| Integrated Co-Operatives and Micro Enterprise Development |      | 45      | -       |
| Total                                                     |      | 341     | 349     |

## 20. EMPLOYEE BENEFITS

|                   | Note | 2024/25       | 2023/24       |
|-------------------|------|---------------|---------------|
|                   |      | R'000         | R'000         |
| Leave entitlement |      | 12 861        | 9 913         |
| Service bonus     |      | 5 269         | 4 431         |
| Capped leave      |      | 1 201         | 840           |
| Other             |      | 29            | -             |
| <b>Total</b>      |      | <b>19 360</b> | <b>15 184</b> |

At this stage the department is not able to reliably measure the long-term portion of the long service awards.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## 21. LEASE COMMITMENTS

## 21.1 Operating leases

|                                              | 2024/25                        |       |                                      |                         |       |
|----------------------------------------------|--------------------------------|-------|--------------------------------------|-------------------------|-------|
|                                              | 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                        | -                              | -     | -                                    | -                       | -     |
| Later than 1 year and not later than 5 years | -                              | -     | -                                    | -                       | -     |
| Later than 5 years                           | -                              | -     | -                                    | -                       | -     |
| <b>Total lease commitments</b>               | -                              | -     | -                                    | -                       | -     |

|                                              | 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                           | -                              | -     | -                                    | -                       | -     |
| <b>Total lease commitments</b>               | -                              | -     | -                                    | 69                      | 69    |

Block G does not have a lease agreement in place as it is on a month to month. Block A payments are made through a MoA with the dtic which has been extended for a period of 5 months from 1 November 2024 to 31 March 2025 thereafter on a month to month subjected to review after six months.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## 21.2 Finance leases \*\*

|                                              | 2024/25                        |       |                                      |                         |              |
|----------------------------------------------|--------------------------------|-------|--------------------------------------|-------------------------|--------------|
|                                              | 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                        | -                              | -     | -                                    | 1 786                   | 1 786        |
| Later than 1 year and not later than 5 years | -                              | -     | -                                    | 279                     | 279          |
| Later than 5 years                           | -                              | -     | -                                    | -                       | -            |
| <b>Total lease commitments</b>               | -                              | -     | -                                    | <b>2 065</b>            | <b>2 065</b> |

|                                              | 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                           | -                              | -     | -                                    | -                       | -            |
| <b>Total lease commitments</b>               | -                              | -     | -                                    | <b>1 721</b>            | <b>1 721</b> |

Cell phone and data contract and photocopy machines rentals.

## 22. UNAUTHORISED, IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

|                                                   | Note | 2024/25    | 2023/24   |
|---------------------------------------------------|------|------------|-----------|
|                                                   |      | R'000      | R'000     |
| Unauthorised expenditure - current year           |      | -          | -         |
| Irregular expenditure - current year              |      | 815        | 88        |
| Fruitless and wasteful expenditure - current year |      | 6          | -         |
| <b>Total</b>                                      |      | <b>821</b> | <b>88</b> |

Sanctions were implemented on the officials that were identified to be responsible of not preventing the incurring and payment of the irregular expenditure. The state did not suffer losses.

A case of negligence on the fruitless expenditure incurred has been confirmed. The state did suffer losses and the consequence process in progress.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## 23. RELATED PARTY TRANSACTIONS

DSBD has oversight responsibility over the following public and trading entities which merged to be SEDFA:

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

|                                                 | Note | 2024/25       | 2023/24       |
|-------------------------------------------------|------|---------------|---------------|
|                                                 |      | R'000         | R'000         |
| Political office bearers (provide detail below) |      | 5 521         | 4 469         |
| Officials:                                      |      |               |               |
| Level 15 to 16                                  |      | 11 438        | 9 216         |
| Level 14 incl. CFO                              |      | 14 715        | 11 819        |
| Family members of key management personnel      |      | -             | -             |
| <b>Total</b>                                    |      | <b>31 674</b> | <b>25 504</b> |

## 25. PROVISIONS

|                                     | Note | 2024/25       | 2023/24       |
|-------------------------------------|------|---------------|---------------|
|                                     |      | R'000         | R'000         |
| Shared Economic Infrastructure Fund |      | 28 232        | 13 232        |
| <b>Total</b>                        |      | <b>28 232</b> | <b>13 232</b> |

*Product Market as part of the SEIF Programme. Claims are settled as and when milestones are achieved.*

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## 25.1 Reconciliation of movement in provisions - Current year

|                                                           | 2024/25       |             |             |                  |
|-----------------------------------------------------------|---------------|-------------|-------------|------------------|
|                                                           | Provision 1   | Provision 2 | Provision 3 | Total provisions |
|                                                           | R'000         | R'000       | R'000       | R'000            |
| Opening balance                                           | 13 232        | -           | -           | 13 232           |
| Increase in provision                                     | -             | -           | -           | -                |
| Settlement of provision                                   | (30 000)      | -           | -           | (30 000)         |
| Unused amount reversed                                    | -             | -           | -           | -                |
| Reimbursement expected from third party                   | -             | -           | -           | -                |
| Change in provision due to change in estimation of inputs | 45 000        | -           | -           | 45 000           |
| <b>Closing balance</b>                                    | <b>28 232</b> | <b>-</b>    | <b>-</b>    | <b>28 232</b>    |

## Reconciliation of movement in provisions - Prior year

|                                                           | 2023/24       |             |             |                  |
|-----------------------------------------------------------|---------------|-------------|-------------|------------------|
|                                                           | Provision 1   | 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)         |
| Unused amount reversed                                    | -             | -           | -           | -                |
| Reimbursement expected from third party                   | -             | -           | -           | -                |
| Change in provision due to change in estimation of inputs | 21 811        | -           | -           | 21 811           |
| <b>Closing balance</b>                                    | <b>13 232</b> | <b>-</b>    | <b>-</b>    | <b>13 232</b>    |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## 26. MOVABLE TANGIBLE CAPITAL ASSETS

## MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2025

|                                              | 2024/25         |                   |              |              |                 |
|----------------------------------------------|-----------------|-------------------|--------------|--------------|-----------------|
|                                              | Opening balance | Value adjustments | Additions    | Disposals    | Closing balance |
|                                              | R'000           | R'000             | R'000        | R'000        | R'000           |
| <b>MACHINERY AND EQUIPMENT</b>               | <b>25 721</b>   |                   | <b>4 985</b> | <b>3 150</b> | <b>27 556</b>   |
| Transport assets                             | 7 842           |                   | 2 873        | 1 155        | 9 561           |
| Computer equipment                           | 11 585          |                   | 2 011        | 1 949        | 11 647          |
| Furniture and office equipment               | 2 852           |                   | 87           | 22           | 2 917           |
| Other machinery and equipment                | 3 442           |                   | 14           | 25           | 3 431           |
| <b>FINANCE LEASE ASSETS</b>                  | <b>2 769</b>    |                   | <b>948</b>   | <b>139</b>   | <b>3 578</b>    |
| Finance lease assets                         | 2 769           |                   | 948          | 139          | 3 578           |
| <b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b> | <b>28 490</b>   | <b>-</b>          | <b>5 933</b> | <b>3 289</b> | <b>31 134</b>   |

DSBD early adopted the change in accounting policy, R2.769 relocated to finance leases from furniture and office equipment and other machinery and equipment.

## Movable Tangible Capital Assets under investigation

|                                                                                                                         | Note | Number | Value |
|-------------------------------------------------------------------------------------------------------------------------|------|--------|-------|
|                                                                                                                         |      |        | R'000 |
| Included in the above total of the movable tangible capital assets per the asset register that are under investigation: |      |        |       |
| Machinery and equipment                                                                                                 |      | 33     | 741   |
| Cases transferred to Security Management for investigation.                                                             |      |        |       |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

**26.1 Movement in movable tangible capital assets per asset register for the year ended 31 March 2024**

|                                              | 2023/24         |                    |              |              |                 |
|----------------------------------------------|-----------------|--------------------|--------------|--------------|-----------------|
|                                              | Opening balance | Prior period error | Additions    | Disposals    | Closing balance |
|                                              | R'000           | R'000              | R'000        | R'000        | R'000           |
| <b>MACHINERY AND EQUIPMENT</b>               | <b>22 928</b>   | <b>-</b>           | <b>4 159</b> | <b>1 366</b> | <b>25 721</b>   |
| Transport assets                             | 5 516           |                    | 2 326        | -            | 7 842           |
| Computer equipment                           | 10 092          |                    | 1 928        | 435          | 11 585          |
| Furniture and office equipment               | 3 000           |                    | 0            | 148          | 2 852           |
| Other machinery and equipment                | 4 319           |                    | (94)         | 783          | 3 442           |
| <b>FINANCE LEASE ASSETS</b>                  | <b>-</b>        | <b>(20)</b>        | <b>2 789</b> | <b>-</b>     | <b>2 769</b>    |
| Finance lease assets                         | -               | (20)               | 2 789        | -            | 2 769           |
| <b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b> | <b>22 928</b>   | <b>(20)</b>        | <b>6 948</b> | <b>1 366</b> | <b>28 490</b>   |

**26.1.1 Prior period error**

|                                                     | Note |   | 2023/24 |
|-----------------------------------------------------|------|---|---------|
|                                                     |      |   | R'000   |
| Nature of prior period error                        |      |   |         |
| Relating to 2023/24 [affecting the opening balance] |      |   |         |
| Downward adjustment to net present value            |      | - | (20)    |
| Total prior period errors                           |      | - | (20)    |

*Reclassification of the finance lease (cell phones and photocopiers) from office equipment and other machinery and equipment (R725 thousand & R2.064m).*

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## 26.2 Minor assets

## MOVEMENT IN MINOR CAPITAL ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2025

|                           | 2024/25                     |                   |                 |                         |                   |                      |              |
|---------------------------|-----------------------------|-------------------|-----------------|-------------------------|-------------------|----------------------|--------------|
|                           | Specialised military assets | Intangible assets | Heritage assets | Machinery and equipment | Biological assets | Finance lease assets | Total        |
|                           | R'000                       | R'000             | R'000           | R'000                   | R'000             | R'000                | R'000        |
| Opening balance           | -                           | -                 | -               | 1 136                   | -                 | 59                   | 1 195        |
| Value adjustments         |                             |                   |                 |                         | -                 |                      | -            |
| Additions                 | -                           | -                 | -               | 27                      | -                 | -                    | 27           |
| Disposals                 | -                           | -                 | -               | 16                      | -                 | 25                   | 42           |
| <b>Total Minor assets</b> | <b>-</b>                    | <b>-</b>          | <b>-</b>        | <b>1 146</b>            | <b>-</b>          | <b>34</b>            | <b>1 180</b> |

|                                     | Specialised military assets | Intangible assets | Heritage assets | Machinery and equipment | Biological assets | Finance lease assets | Total      |
|-------------------------------------|-----------------------------|-------------------|-----------------|-------------------------|-------------------|----------------------|------------|
| Number of R1 minor assets           | -                           | -                 | -               | -                       | -                 | -                    | -          |
| Number of minor assets at cost      | -                           | -                 | -               | 475                     | -                 | 9                    | 484        |
| <b>Total number of minor assets</b> | <b>-</b>                    | <b>-</b>          | <b>-</b>        | <b>475</b>              |                   | <b>9</b>             | <b>484</b> |

## Minor capital assets under investigation

|                                                                                                                     | Note | Number | Value |
|---------------------------------------------------------------------------------------------------------------------|------|--------|-------|
|                                                                                                                     |      |        | R'000 |
| <b>Included in the above total of the minor capital assets per the asset register that are under investigation:</b> |      |        |       |
| Machinery and equipment                                                                                             |      | 7      | 17    |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## 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 | Finance lease assets | Total        |
|                           | R'000                       | R'000             | R'000           | R'000                   | R'000             | R'000                | R'000        |
| Opening balance           | -                           | -                 | -               | 1 184                   | -                 | -                    | 1 184        |
| Prior period error        | -                           | -                 | -               | -                       | -                 | -                    | -            |
| Additions                 | -                           | -                 | -               | (33)                    | -                 | 59                   | 26           |
| Disposals                 | -                           | -                 | -               | 15                      | -                 | -                    | 15           |
| <b>Total Minor assets</b> | -                           | -                 | -               | <b>1 136</b>            | -                 | <b>59</b>            | <b>1 195</b> |

|                                     | Specialised military assets | Intangible assets | Heritage assets | Machinery and equipment | Biological assets | Finance lease assets | Total      |
|-------------------------------------|-----------------------------|-------------------|-----------------|-------------------------|-------------------|----------------------|------------|
| Number of R1 minor assets           | -                           | -                 | -               | -                       | -                 | -                    | -          |
| Number of minor assets at cost      | -                           | -                 | -               | 488                     | -                 | -                    | 488        |
| <b>Total number of minor assets</b> | -                           | -                 | -               | <b>488</b>              | -                 | -                    | <b>488</b> |

Reclassification of the finance lease (cell phones) from machinery and equipment (R59 thousand).

## 26.3 Movable tangible capital assets written off

## MOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2025

|                                         | 2024/25                     |                   |                 |                         |                   |                      |            |
|-----------------------------------------|-----------------------------|-------------------|-----------------|-------------------------|-------------------|----------------------|------------|
|                                         | Specialised military assets | Intangible assets | Heritage assets | Machinery and equipment | Biological assets | Finance lease assets | Total      |
|                                         | R'000                       | R'000             | R'000           | R'000                   | R'000             | R'000                | R'000      |
| Assets written off                      | -                           | -                 | -               | 271                     | -                 | -                    | 271        |
| <b>Total movable assets written off</b> | -                           | -                 | -               | <b>271</b>              | -                 | -                    | <b>271</b> |

## 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 | Finance lease assets | Total     |
|                                         | R'000                       | R'000             | R'000           | R'000                   | R'000             | R'000                | R'000     |
| Assets written off                      | -                           | -                 | -               | 52                      | -                 | -                    | 52        |
| <b>Total movable assets written off</b> | -                           | -                 | -               | <b>52</b>               | -                 | -                    | <b>52</b> |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## 27. INTANGIBLE CAPITAL ASSETS

## MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2025

|                                        | 2024/25         |           |           |                 |
|----------------------------------------|-----------------|-----------|-----------|-----------------|
|                                        | Opening balance | Additions | Disposals | Closing balance |
|                                        | R'000           | R'000     | R'000     | R'000           |
| SOFTWARE                               | 2 964           | 48        | 14        | 2 998           |
| <b>TOTAL INTANGIBLE CAPITAL ASSETS</b> | <b>2 964</b>    | <b>48</b> | <b>14</b> | <b>2 998</b>    |

*Job Access With Speech (JAWS) screen reader software for officials whose vision loss prevents them from seeing screen.*

## 27.1 Movement in intangible capital assets per asset register for the year ended 31 March 2024

|                                        | 2023/24         |                    |           |           |                 |
|----------------------------------------|-----------------|--------------------|-----------|-----------|-----------------|
|                                        | Opening balance | Prior period error | Additions | Disposals | Closing balance |
|                                        | R'000           | R'000              | R'000     | R'000     | R'000           |
| SOFTWARE                               | 2 964           | -                  | -         | -         | 2 964           |
| <b>TOTAL INTANGIBLE CAPITAL ASSETS</b> | <b>2 964</b>    | <b>-</b>           | <b>-</b>  | <b>-</b>  | <b>2 964</b>    |

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

## CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2025

|                   | Note    | Opening balance 1 Ap24 | Current Year WIP | Ready for use (Assets to the AR) / Contracts terminated | Closing balance 31 March 2025 |
|-------------------|---------|------------------------|------------------|---------------------------------------------------------|-------------------------------|
|                   |         | R'000                  | R'000            | R'000                                                   | R'000                         |
| Intangible assets | Annex 7 | 20 232                 | 3 192            | -                                                       | 23 424                        |
| <b>Total</b>      |         | <b>20 232</b>          | <b>3 192</b>     | <b>-</b>                                                | <b>23 424</b>                 |

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

|                   | Note | Opening balance 1 April 2023 | Prior period error | 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                                                   | R'000                         |
| Intangible assets |      | 9 372                        | -                  | 10 860           | -                                                       | 20 232                        |
| <b>Total</b>      |      | <b>9 372</b>                 | <b>-</b>           | <b>10 860</b>    | <b>-</b>                                                | <b>20 232</b>                 |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## 28. CHANGES IN ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING POLICIES

## 28.1 Changes in accounting policies

|                                              | Note | 2023/24                                        |                               |                                                        |                        |                                        |
|----------------------------------------------|------|------------------------------------------------|-------------------------------|--------------------------------------------------------|------------------------|----------------------------------------|
|                                              |      | Opening balance before the change (1 Apr 2023) | Adjustment of opening balance | Restated opening balance after the change (1 Apr 2023) | Adjustment for 2023/24 | Restated closing balance (31 Mar 2024) |
|                                              |      | R'000                                          | R'000                         | R'000                                                  | R'000                  | R'000                                  |
| <b>Nature of change in accounting policy</b> |      |                                                |                               |                                                        |                        |                                        |
| <b>Finance lease assets</b>                  |      |                                                |                               |                                                        |                        |                                        |
| Movable Tangible Capital Assets              | 26   | -                                              | -                             | -                                                      | 2 789                  | 2 789                                  |
| Intangible Capital Assets                    |      | -                                              | -                             | -                                                      | -                      | -                                      |
| Minor assets                                 | 26   | -                                              | -                             | -                                                      | 59                     | 59                                     |

Included in the closing balance of 2023/24 and opening balances for 2024/25 is a change in accounting policy made in terms of the MCS requirements whereby assets under finance leases are recorded by a department at the commencement of the lease term rather than at the end of the lease term. The change in accounting policy is applied retrospectively.

## 29. PRIOR PERIOD ERRORS

## 29.1 Correction of prior period errors

|                                                              | Note | 2023/24                     |                    |              |
|--------------------------------------------------------------|------|-----------------------------|--------------------|--------------|
|                                                              |      | Amount bef error correction | Prior period error | Restated     |
|                                                              |      | R'000                       | R'000              | R'000        |
| <b>Other: Assets</b>                                         |      |                             |                    |              |
| Finance lease 2023/24 amount captured at cost instead of npv | 26   | 2 790                       | (20)               | 2 769        |
| <b>Net effect</b>                                            |      | <b>2 790</b>                | <b>(20)</b>        | <b>2 769</b> |

## 30. 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.

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## ANNEXURE 1A

## STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

| Departmental Agency or Account   | 2024/25             |            |              |                  |                  |                                  | 2023/24          |                  |
|----------------------------------|---------------------|------------|--------------|------------------|------------------|----------------------------------|------------------|------------------|
|                                  | TRANSFER ALLOCATION |            |              |                  | TRANSFER         |                                  |                  |                  |
|                                  | 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            |
| SEDA: Technology Programme       | 167 672             | -          | -            | 167 672          | 167 672          | 100.0%                           | 160 466          | 160 466          |
| Small Enterprise Develop Agency  | 1 131 397           | -          | -            | 1 131 397        | 1 131 397        | 100.0%                           | 1 226 206        | 1 226 206        |
| SEDA: Capacity Build Prog for EC | 17 005              | -          | -            | 17 005           | 17 005           | 100.0%                           | 16 274           | 16 274           |
| PROV DA: KZN Trade & Investment  | -                   | -          | -            | -                | -                |                                  | 428              | 128              |
| PROV DA:NC Econ Devel Agency     | -                   | -          | -            | -                | -                |                                  | 1 409            | 1 409            |
| SABC TV Licence                  | -                   | -          | -            | -                | -                |                                  | 2                | 1                |
| PROV DA:GP Tourism Authority     | -                   | -          | 1 115        | 1 115            | 1 115            | 100.0%                           | -                | -                |
| <b>TOTAL</b>                     | <b>1 316 074</b>    | <b>-</b>   | <b>1 115</b> | <b>1 317 189</b> | <b>1 317 189</b> |                                  | <b>1 404 785</b> | <b>1 404 484</b> |

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## ANNEXURE 1B

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

| Name of public corporation / private enterprise | 2024/25          |            |                 |                 |                 |                                  |               |                | 2023/24        |                 |
|-------------------------------------------------|------------------|------------|-----------------|-----------------|-----------------|----------------------------------|---------------|----------------|----------------|-----------------|
|                                                 | 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           |
| <b>Public Corporations</b>                      |                  |            |                 |                 |                 |                                  |               |                |                |                 |
| Transfers                                       | 645 223          | -          | (1 115)         | 644 108         | 644 108         | 100.0%                           | -             | 644 108        | 683 834        | 683 484         |
| EC: Development Corporation                     | 2 833            | -          | (1 115)         | 1 718           | 1 718           | 100.0%                           | -             | 1 718          | 1 359          | 1 359           |
| Free State Development Corporation              | -                | -          | -               | -               | -               |                                  | -             | -              | 500            | 150             |
| Industrial Dev Corp-SA LTD: SEFA                | 642 390          | -          | -               | 642 390         | 642 390         | 100.0%                           | -             | 642 390        | 681 975        | 681 975         |
| <b>Subtotal: Public corporations</b>            | <b>645 223</b>   | <b>-</b>   | <b>(1 115)</b>  | <b>644 108</b>  | <b>644 108</b>  | <b>100.0%</b>                    | <b>-</b>      | <b>-</b>       | <b>683 834</b> | <b>683 484</b>  |
| <b>Private Enterprises</b>                      |                  |            |                 |                 |                 |                                  |               |                |                |                 |
| Transfers                                       | 63 289           | -          | (10 000)        | 53 289          | 30 000          | 56.3%                            | 30 000        | -              | 77 786         | 58 961          |
| Product Markets                                 | 63 289           | -          | (10 000)        | 53 289          | 30 000          | 56.3%                            | 30 000        | -              | 77 786         | 58 961          |
| <b>Subtotal: Private enterprises</b>            | <b>63 289</b>    | <b>-</b>   | <b>(10 000)</b> | <b>53 289</b>   | <b>30 000</b>   | <b>56.3%</b>                     | <b>-</b>      | <b>-</b>       | <b>77 786</b>  | <b>58 961</b>   |
| <b>TOTAL</b>                                    | <b>708 512</b>   | <b>-</b>   | <b>(11 115)</b> | <b>697 397</b>  | <b>674 108</b>  | <b>96.7%</b>                     | <b>30,000</b> | <b>644,108</b> | <b>761 620</b> | <b>742 445</b>  |

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## ANNEXURE 1C

## STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

| Non-profit institutions             | 2024/25             |            |             |                 |                 |                                  | 2023/24      |                 |
|-------------------------------------|---------------------|------------|-------------|-----------------|-----------------|----------------------------------|--------------|-----------------|
|                                     | 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           |
| <b>Transfers</b>                    |                     |            |             |                 |                 |                                  |              |                 |
| Bokone Craft & Design Institute NPC | 4 700               | -          | -           | 4 700           | 4 700           | 100.0%                           | 4 000        | 4 000           |
| Cape Craft & Design Institute       | 4 688               | -          | -           | 4 688           | 4 688           | 100.0%                           | 4 000        | 4 000           |
| <b>TOTAL</b>                        | <b>9 388</b>        | <b>-</b>   | <b>-</b>    | <b>9 388</b>    | <b>9 388</b>    |                                  | <b>8 000</b> | <b>8 000</b>    |

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## ANNEXURE 1D

## STATEMENT OF TRANSFERS TO HOUSEHOLDS

| Household               | 2024/25             |            |              |                 |                 |                                  | 2023/24      |                 |
|-------------------------|---------------------|------------|--------------|-----------------|-----------------|----------------------------------|--------------|-----------------|
|                         | 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           |
| <b>Transfers</b>        |                     |            |              |                 |                 |                                  |              |                 |
| Employee Social Benefit | 472                 | -          | 767          | 1 239           | 1 236           | 99.8%                            | 749          | 729             |
| Other Transfers         | -                   | -          | 406          | 406             | 405             | 99.8%                            | 89           | 88              |
| <b>TOTAL</b>            | <b>472</b>          | <b>-</b>   | <b>1 173</b> | <b>1 645</b>    | <b>1 641</b>    |                                  | <b>838</b>   | <b>817</b>      |

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## ANNEXURE 1E

## STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

| Name of organisation                                                   | Nature of gift, donation or sponsorship             | 2024/25  | 2023/24    |
|------------------------------------------------------------------------|-----------------------------------------------------|----------|------------|
|                                                                        |                                                     | R'000    | R'000      |
| <b>Received in kind</b>                                                |                                                     |          |            |
| <b>Gifts</b>                                                           |                                                     |          |            |
| 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          |
| Host for Township conference                                           | Carrol Boyes notebook and pen set                   | 0        | -          |
| Old Mutual                                                             | 2 Tickets to attend Old Mutual music in the gardens | 3        | -          |
| MSME product marketing                                                 | MSME product marketing                              | 1        |            |
| <b>Total gifts</b>                                                     |                                                     | <b>5</b> | <b>6</b>   |
| <b>Donations</b>                                                       |                                                     |          |            |
| Bulungula Lodge, Elliotdale (Eastern Cape)                             | Accommodation and Breakfast                         | -        | 1          |
| <b>Total donations</b>                                                 |                                                     | <b>-</b> | <b>1</b>   |
| <b>Sponsorships</b>                                                    |                                                     |          |            |
| Minister of Commerce in Algeria                                        | Flights, Accommodation, and ground transport        | -        | 63         |
| International Finance Corporation                                      | Flights, Accommodation, and ground transport        | -        | 88         |
| African Union Annual MSME Forum                                        | Flights, Accommodation, and ground transport        | -        | 52         |
| <b>Total sponsorships</b>                                              |                                                     | <b>-</b> | <b>203</b> |
| <b>Subtotal – received in kind</b>                                     |                                                     | <b>5</b> | <b>210</b> |
| <b>TOTAL GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED</b>                |                                                     | <b>5</b> | <b>210</b> |

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## ANNEXURE 1F

## STATEMENT OF AID ASSISTANCE RECEIVED

| Name of donor                   | Purpose                                                   | Opening balance | Revenue | Expenditure | Paid back on / by 31 March | Closing balance |
|---------------------------------|-----------------------------------------------------------|-----------------|---------|-------------|----------------------------|-----------------|
|                                 |                                                           | R'000           | R'000   | R'000       | R'000                      | R'000           |
| Aid assistance received in cash |                                                           |                 |         |             |                            |                 |
| European Union                  | The employment promotion through SMME's support programme | 46 372          | 59 414  | 40 929      | 59 064                     | 5 793           |
| Subtotal                        |                                                           | 46 372          | 59 414  | 40 929      | 59 064                     | 5 793           |
| TOTAL AID ASSISTANCE RECEIVED   |                                                           | 46 372          | 59 414  | 40 929      | 59 064                     | 5 793           |

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## ANNEXURE 1G

## STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

| Nature of gift, donation or sponsorship<br>(Group major categories but list material items including name of organisation) | 2024/25   | 2023/24  |
|----------------------------------------------------------------------------------------------------------------------------|-----------|----------|
|                                                                                                                            | R'000     | R'000    |
| <b>Made in kind</b>                                                                                                        |           |          |
| <b>Donations</b>                                                                                                           |           |          |
| Sanitary pads                                                                                                              | 17        | -        |
| <b>Total donations</b>                                                                                                     | <b>17</b> | <b>-</b> |
| <b>TOTAL GIFTS, DONATIONS AND SPONSORSHIPS MADE IN KIND</b>                                                                | <b>17</b> | <b>-</b> |

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## ANNEXURE 2

## STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2025

| Nature of liability                                      | Opening balance<br>1 April 2024 | Liabilities incurred during the year | Liabilities paid / cancelled / reduced during the year | Liabilities recoverable (Provide details hereunder) | Closing balance 31 March 2025 |
|----------------------------------------------------------|---------------------------------|--------------------------------------|--------------------------------------------------------|-----------------------------------------------------|-------------------------------|
|                                                          | R'000                           | R'000                                | R'000                                                  | R'000                                               | R'000                         |
| <b>Claims against the department</b>                     |                                 |                                      |                                                        |                                                     |                               |
| Gravity International Print and Design                   | -                               | 800                                  | -                                                      | -                                                   | 800                           |
| Nkosiyami Trading/Minister of Small Business Development | 200                             | -                                    | 200                                                    | -                                                   | -                             |
| <b>Subtotal</b>                                          | -                               | <b>800</b>                           | -                                                      | -                                                   | <b>800</b>                    |
| <b>TOTAL</b>                                             | <b>200</b>                      | <b>800</b>                           | <b>200</b>                                             | -                                                   | <b>800</b>                    |

*R200 000,00 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.*

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## ANNEXURE 3

## CLAIMS RECOVERABLE

| Government entity                 | Confirmed balance outstanding |            | Unconfirmed balance outstanding |            | Total      |            | Cash-in-transit at year end 2024/25 *                  | Amount |
|-----------------------------------|-------------------------------|------------|---------------------------------|------------|------------|------------|--------------------------------------------------------|--------|
|                                   | 31/03/2025                    | 31/03/2024 | 31/03/2025                      | 31/03/2024 | 31/03/2025 | 31/03/2024 | Receipt date up to six (6) working days after year end |        |
|                                   | R'000                         | R'000      | R'000                           | R'000      | R'000      | R'000      |                                                        | R'000  |
| <b>Department</b>                 |                               |            |                                 |            |            |            |                                                        |        |
| Northern Cape Provincial Treasury | -                             | 54         | -                               | -          | -          | 54         | -                                                      | -      |
| <b>Subtotal</b>                   | -                             | <b>54</b>  | -                               | -          | -          | <b>54</b>  | -                                                      | -      |
| <b>TOTAL</b>                      | -                             | <b>54</b>  | -                               | -          | -          | <b>54</b>  | -                                                      | -      |

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## ANNEXURE 4

## MOVEMENT IN CAPITAL WORK IN PROGRESS

Movement in capital work in progress for the year ended 31 March 2025

|                 | Opening balance | Current year CWIP | Ready for use (Asset Register) / Contract terminated | Closing balance |
|-----------------|-----------------|-------------------|------------------------------------------------------|-----------------|
|                 | R'000           | R'000             | R'000                                                | R'000           |
| <b>SOFTWARE</b> | <b>20 232</b>   | <b>3 192</b>      | -                                                    | <b>23 424</b>   |
| Software        | 20 232          | 3 192             | -                                                    | 23 424          |
| <b>TOTAL</b>    | <b>20 232</b>   | <b>3 192</b>      | -                                                    | <b>23 424</b>   |

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

|                 | 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           |
| <b>SOFTWARE</b> | <b>9 372</b>    |                    | <b>10 860</b>     | -                                                    | <b>20 232</b>   |
| Software        | 9 372           |                    | 10 860            | -                                                    | 20 232          |
|                 |                 |                    |                   |                                                      |                 |
| <b>TOTAL</b>    | <b>9 372</b>    |                    | <b>10 860</b>     | -                                                    | <b>20 232</b>   |

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## ANNEXURE 5

## INTER ENTITY ADVANCES PAID (Note 10)

| ENTITY                                                       | Confirmed balance outstanding |               | Unconfirmed balance outstanding |            | TOTAL        |               |
|--------------------------------------------------------------|-------------------------------|---------------|---------------------------------|------------|--------------|---------------|
|                                                              | 31/3/2025                     | 31/03/2024    | 31/3/2025                       | 31/03/2024 | 31/3/2025    | 31/03/2024    |
|                                                              | R'000                         | R'000         | R'000                           | R'000      | R'000        | R'000         |
| <b>NATIONAL DEPARTMENTS</b>                                  |                               |               |                                 |            |              |               |
| Department of Agriculture, Land Reform and Rural Development | 5 790                         | 23 429        | -                               | -          | 5 790        | 23 429        |
| <b>Subtotal</b>                                              | <b>5 790</b>                  | <b>23 429</b> | <b>-</b>                        | <b>-</b>   | <b>5 790</b> | <b>23 429</b> |
| <b>TOTAL</b>                                                 | <b>5 790</b>                  | <b>23 429</b> | <b>-</b>                        | <b>-</b>   | <b>5 790</b> | <b>23 429</b> |

*Advance on the EDSE Programme*

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

## ANNEXURE 6

## ANALYSIS OF PREPAYMENTS AND ADVANCES (NOTES 3 AND 10)

| Name of Entity                                               | Sector of the entity | Description of the item paid for | Classification category | Total Contract Value | Balance outstanding as at 31 March 2024 | 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 2022 |
|--------------------------------------------------------------|----------------------|----------------------------------|-------------------------|----------------------|-----------------------------------------|-----------------------------------------------------|----------------------------------------------------------------------|-----------------|-----------------------------------------|
|                                                              |                      |                                  |                         | R'000                | R'000                                   | R'000                                               | R'000                                                                | R'000           | R'000                                   |
| Prepayments                                                  |                      |                                  |                         |                      |                                         |                                                     |                                                                      |                 |                                         |
| Microsoft Corporation                                        | Private              | Software licencing               | Goods and services      | 2 840                | 484                                     | 2 367                                               | (2 378)                                                              | -               | 473                                     |
| MultiChoice                                                  | Private              | Satellite television service     | Goods and services      | 51                   | -                                       | 51                                                  | (51)                                                                 | -               | -                                       |
| Neo Technologies                                             | Private              | Signiflow licence                | Goods and services      | 300                  | -                                       | 125                                                 | (75)                                                                 | -               | 50                                      |
| Total prepayments                                            |                      |                                  |                         |                      | 484                                     | 2 543                                               | (2 504)                                                              | -               | 523                                     |
| Advances                                                     |                      |                                  |                         |                      |                                         |                                                     |                                                                      |                 |                                         |
| Small Enterprise Development Agency (Seda)                   | Public               | SMME's foreign market exposure   | Public entities         | 17 000               | -                                       | 17 000                                              | (17 000)                                                             | -               | -                                       |
| Council of Scientific & Industrial Research CSIR             | Public               | Cannabis pilot project           | Public entities         | 1 500                | -                                       | 1 500                                               | (1 500)                                                              | -               | -                                       |
| Department of Agriculture, Land Reform and Rural Development | Government           | LITS software development        | National departments    | 5 790                | 23 429                                  | 13 056                                              | (30 695)                                                             | -               | 5 790                                   |
| Total advances                                               |                      |                                  |                         |                      | 23 429                                  | 31 556                                              | (49 195)                                                             | -               | 5 790                                   |
| TOTAL PREPAYMENTS AND ADVANCES                               |                      |                                  |                         |                      | 23 913                                  | 34 099                                              | (51 699)                                                             |                 | 6 313                                   |

## An abstract geometric pattern featuring several overlapping translucent shapes and lines. The shapes include a large light blue parallelogram, a light green parallelogram, and a light orange parallelogram. These shapes are intersected by a network of thin, dark grey lines that form a grid-like structure. The overall composition is minimalist and modern, with a focus on geometric forms and color transparency.





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