

ANNUAL REPORT 2020/2021



**small business
development**

Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA



ANNUAL REPORT 2020/21 FINANCIAL YEAR

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT

VOTE NO. 36



**small business
development**

Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA



Table of Contents

1. PART A: GENERAL INFORMATION	6		
1.1. DEPARTMENT GENERAL INFORMATION	6		
1.2. LIST OF ABBREVIATIONS	7		
1.3. FOREWORD: MINISTER FOR SMALL BUSINESS DEVELOPMENT	8		
1.4. STATEMENT BY DEPUTY MINISTER FOR SMALL BUSINESS DEVELOPMENT	11		
1.5. REPORT OF THE ACCOUNTING OFFICER	13		
1.6. ACKNOWLEDGEMENTS	24		
1.7. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT	25		
1.8. STRATEGIC OVERVIEW	26		
1.8.1. VISION	26		
1.8.2. MISSION	26		
1.8.3. VALUES	26		
1.9. LEGISLATIVE AND OTHER MANDATES	27		
1.9.1. CONSTITUTIONAL MANDATE	27		
1.9.2. LEGISLATIVE AND POLICY MANDATES	27		
1.9.3. INSTITUTIONAL POLICIES AND STRATEGIES OVER THE FIVE-YEAR PLANNING PERIOD	29		
1.10. THE ORGANISATIONAL STRUCTURE	32		
1.11. ENTITIES REPORTING TO THE MINISTER	33		
2. PART B: PERFORMANCE INFORMATION	36		
2.1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES	36		
2.2. OVERVIEW OF DEPARTMENTAL PERFORMANCE	36		
2.3. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES	40		
2.4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION	41		
2.4.1. PROGRAMME ONE: ADMINISTRATION	41		
2.4.1.1. Purpose:	41	2.4.1.4. PROGRAMME ONE: ADMINISTRATION PERFORMANCE AGAINST THE ORIGINALLY TABLED 2020/21 ANNUAL PERFORMANCE PLAN	42
2.4.1.2. Sub-programmes:	41	2.4.1.5. PROGRAMME ONE: ADMINISTRATION PERFORMANCE AGAINST THE REVISED AND RE-TABLED 2020/21 ANNUAL PERFORMANCE PLAN THAT WAS NEVER IMPLEMENTED	45
2.4.1.3. Institutional Outcomes:	41	2.4.1.6. PROGRAMME ONE: ADMINISTRATION PERFORMANCE AGAINST THE FINAL RE-TABLED 2020/21 ANNUAL PERFORMANCE PLAN THAT WAS IMPLEMENTED FROM QUARTER TWO TO QUARTER FOUR	46
		2.4.1.1. Strategy to address areas of under- performance	48
		2.4.1.2. Performance in relation to Standardised Outputs and Output Indicators for Sectors with Concurrent Functions	48
		2.4.1.3. Reporting on the Institutional Response to the COVID-19 Pandemic	48
		2.4.1.4. Linking performance with budgets: Programme One	48
		2.4.2. PROGRAMME TWO: SECTOR POLICY AND RESEARCH	49
		2.4.2.1. Purpose	49
		2.4.2.2. Sub-programmes	49
		2.4.2.3. Institutional Outcomes:	49
		2.4.2.4. PROGRAMME TWO: SECTOR AND MARKET DEVELOPMENT PERFORMANCE AGAINST THE ORIGINALLY TABLED 2020/21 ANNUAL PERFORMANCE PLAN	50
		2.4.2.5. PROGRAMME TWO: SECTOR POLICY AND RESEARCH PERFORMANCE AGAINST THE REVISED AND RE-TABLED 2020/21 ANNUAL PERFORMANCE PLAN THAT WAS NEVER IMPLEMENTED	56



2.4.2.6. PROGRAMME TWO: SECTOR POLICY AND RESEARCH PERFORMANCE AGAINST THE FINAL RE-TABLED 2020/21 ANNUAL PERFORMANCE PLAN THAT WAS IMPLEMENTED FROM QUARTER TWO TO QUARTER FOUR	58	3.12 B-BBEE COMPLIANCE PERFORMANCE INFORMATION	94
2.4.2.7. Strategy to overcome under-performance	60	1. PART D: HUMAN RESOURCE MANAGEMENT	96
2.4.2.8. Performance in relation to Standardised Outputs and Output Indicators for Sectors with Concurrent Functions	60	2. INTRODUCTION	96
2.4.2.9. Reporting on the Institutional Response to the COVID-19 Pandemic	60	2.1. The status of human resources in the Department	96
2.4.2.10. Linking performance with budgets: Programme Two	60	2.2. Human resource priorities for the year under review and the impact of these	96
2.4.3. PROGRAMME THREE: INTEGRATED CO-OPERATIVES DEVELOPMENT	61	2.3. Workforce planning and key strategies to attract and recruit a skilled and capable workforce	96
2.4.4. PROGRAMME FOUR: ENTERPRISE DEVELOPMENT AND ENTREPRENEURSHIP	71	2.4. Employee performance management	97
2.5. TRANSFER PAYMENTS	81	2.5. Employee wellness programmes	97
2.5.1. Transfer payments to Public Entities	81	2.6. Highlight achievements and challenges faced by the Department as well as future HR plans and goals	97
2.5.2. Transfer payments to all organisations other than public entities	81	3. Human Resources Oversight Statistics	97
2.6. CONDITIONAL GRANTS	82	3.1 Personnel-related expenditure	97
2.7. DONOR FUNDS	83	5. PART E: FINANCIAL INFORMATION	122
2.8. CAPITAL INVESTMENT	84		
3. PART C: GOVERNANCE	86		
3.1 INTRODUCTION	86		
3.2 RISK MANAGEMENT	86		
3.3 FRAUD AND CORRUPTION	86		
3.4 MINIMISING CONFLICT OF INTEREST	86		
3.5 CODE OF CONDUCT	86		
3.6 HEALTH, SAFETY, AND ENVIRONMENTAL ISSUES	86		
3.7 PORTFOLIO COMMITTEES	87		
3.8 STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA) RESOLUTIONS	91		
3.9 INTERNAL CONTROL UNIT	91		
3.10 INTERNAL AUDIT AND AUDIT COMMITTEES	91		
3.11 AUDIT AND RISK COMMITTEE REPORT	92		





PART A

GENERAL INFORMATION



1. PART A: GENERAL INFORMATION

1.1. DEPARTMENT GENERAL INFORMATION

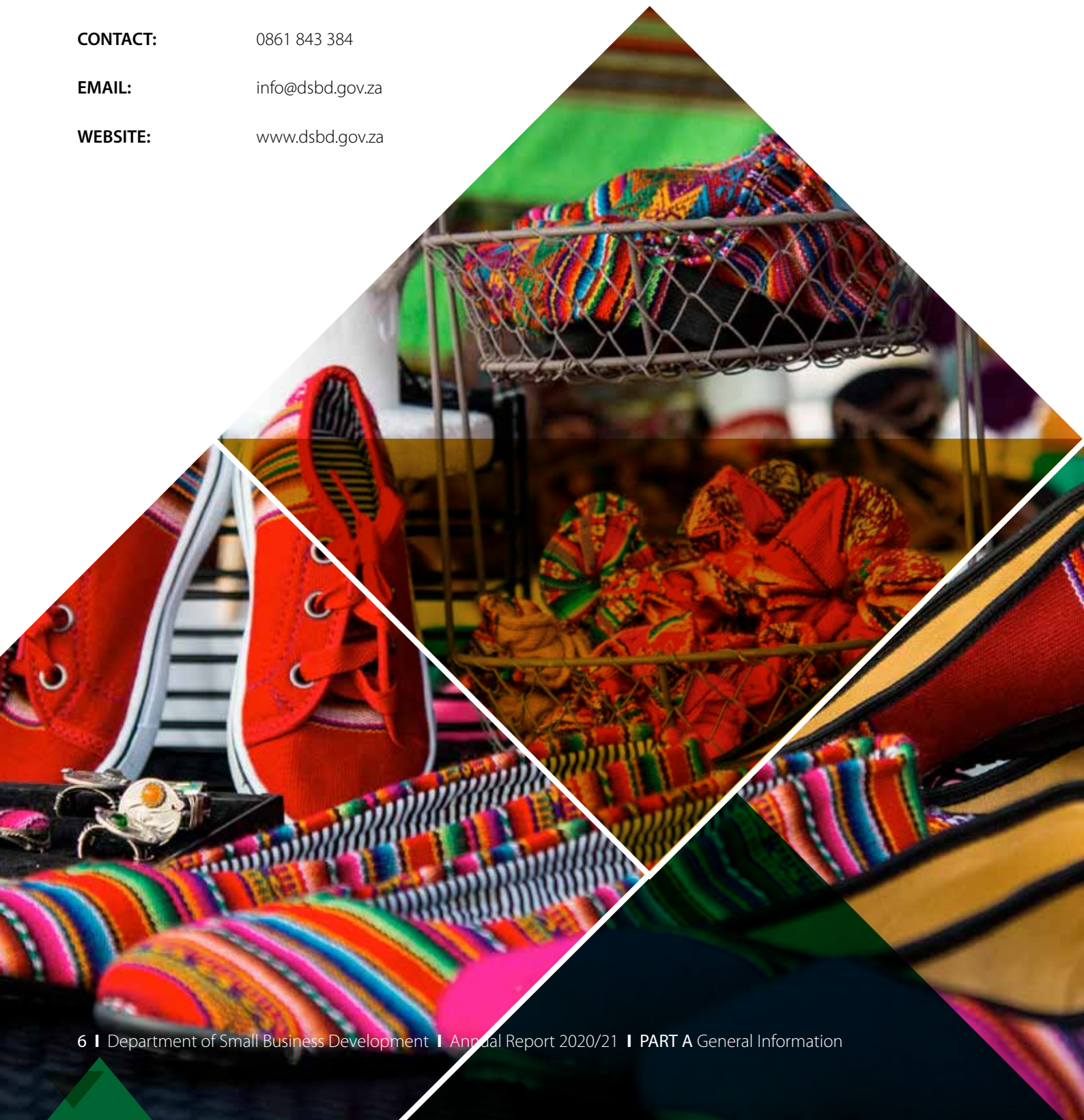
PHYSICAL ADDRESS: 77 Meintjies Street
Sunnyside
Pretoria
0001

POSTAL ADDRESS: Private Bag X672
Pretoria
0001

CONTACT: 0861 843 384

EMAIL: info@dsbd.gov.za

WEBSITE: www.dsbd.gov.za



1.2. LIST OF ABBREVIATIONS

ADG	Acting Director-General
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
ARC	Audit and Risk Committee
BAC	Bid Adjudication Committee
B-BBEE	Broad-Based Black Economic Empowerment
BBCDI	Bokone Bophirima Craft and Design Institute
BRRR	Budget Review and Recommendations Report
BBSDP	Black Business Supplier Development Programme
CCDI	Cape Craft and Design Institute
CIS	Cooperatives Incentive Scheme
COE	Cost of Employment
COGTA	Cooperative Governance and Traditional Affairs
COVID-19	Coronavirus Disease 2019
DCOG	Department of Cooperative Governance
DDM	District Development Model
DG	Director-General
DDG	Deputy Director-General
DPSA	Department of Public Service and Administration
DSBD	Department of Small Business Development
DTA	Department of Traditional Affairs
ECDC	Eastern Cape Development Corporation
EDSE	Ecosystem Development for Small Enterprises
EDTEA	Economic Development, Tourism and Environmental Affairs
EE	Employment Equity
EHW	Employment, Health and Wellness
EIP	Enterprise Incubation Programme
ENE	Estimate of National Expenditure
EODB	Ease of Doing Business
EXCO	Executive Committee
ESD	Enterprise Supplier Development
FSDC	Free State Development Corporation
GTA	Gauteng Tourism Authority
GDP	Gross Domestic Product
HCT	HIV Counselling & Testing
ICT	Information and Communication Technology

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

1.3. FOREWORD: MINISTER FOR SMALL BUSINESS DEVELOPMENT



Stella Tembisa Ndabeni-Abrahams
Minister for Small Business Development


In the midst of a challenging operational and business environment, attributable to the Coronavirus Disease 2019 (COVID-19) pandemic which led to disruptions in local and global supply chains, reduction in economic activities and subsequent loss of employment, SMMEs and Co-operatives have continued to demonstrate a spirit of innovativeness, resilience and agility to weather the storm. It is a stylised fact that economic circumstances created by the pandemic have caused hardship for the sector. As stewards of the sector, the role, support and expectation of the Department has been heightened to navigate and provide relevant, responsive and targeted policies and strategic direction in these times of uncertainty in order to create an enabling environment for SMMEs and Co-operatives, especially in ensuring that they play a critical role in driving economic reconstruction and recovery. As the global health emergency became clear, the Department of Small Business Development (DSBD) and its agencies, the Small Enterprise Development Agency (Seda) and the Small Enterprise Finance Agency (**sefa**), took

a prudent decision to restructure its resources in aiding the much-distressed sector through financial and non-financial support. The results of which supported the maintenance of 23 669 jobs in the economy.

The pandemic and all its devastation spurred the Department to accelerate the rollout of the Township and Rural Entrepreneurship Programme (TREP). The TREP is part of the commitments made in the 2019/20 financial year, and it was part of delivering on the undertakings of the President of the Republic of the South Africa, Mr Cyril Ramaphosa, to resuscitate the township and rural economies. In 2019 the DSBD committed to the conceptualisation of a dedicated programme to transform and integrate opportunities in townships and rural areas into productive business ventures. Cabinet approved a five-year programme under this initiative, which aims to create a conducive environment for township and rural enterprises to thrive. Through TREP, the Department has supported 13 987 entrepreneurs.

The President committed government to accelerate the structural reforms required to promote localisation and industrialisation. During the pandemic, Cabinet approved the SMMEs-focused Localisation Policy Framework and Implementation Programme which is part of the 2019-24 Medium term Strategic Framework. As part of the implementation of the Localisation Policy Framework, 1 000 products that must be produced and procured from SMMEs have been identified. Through the SMMEs-focused Localisation Policy Framework, the DSBD and its agencies coordinate and direct the 'buy local' campaign together with large corporates and communities. To date, the Department has established working relationships with large retailers and wholesalers across the country to list and purchase the products manufactured by SMMEs. More than 200 products produced by SMMEs and Co-operatives have been linked to markets through these relations and simultaneously, the Department is creating independent markets in townships and towns for SMMEs and Co-operatives to trade their products.

In partnership with its agencies and the Department of Trade, Industry and Competition (**the dtic**), the Department designed and is implementing a focused manufacturing programme that is aimed at building and supporting SMME participation in the manufacturing value chain in order to support manufacturing as part of the localisation programme.



The Department envisages using the localisation policy framework as a tool that transforms the face of manufacturing in the country to promote locally produced products and encourage local procurement and the upscaling of SMMEs.

The year under review was the first year of implementing the SheTradesZA programme, an online platform to support South African women entrepreneurs to increase their international competitiveness and connect to national, regional and global markets. This is part of our responsibility to facilitate the creation of a network for women-owned enterprises. The platform targets supporting businesses in the agro-processing, manufacturing, renewable energy, clothing and textile, cosmetics, creative industries, pharmaceuticals, retail and wholesale, exporters and importers, and logistics and payment systems. The Department aims to connect at least 10 000 women-owned enterprises to the international market by 2025 through the SheTradesZA programme.

The Department supported youth entrepreneurship through the youth entrepreneurs programme by working together with the National Development Youth Agency (NYDA), sector departments and the private sector. The aim of this initiative, as mandated by the President, was to provide grant funding and business support to 1000 young entrepreneurs in 100 days of delivering the 2020 State of the Nation Address.

The transition to the digital economy also requires a system that supports entrepreneurship and innovation. The success of this system is dependent on the pace at which government can expand dedicated support to start-ups and new entrants in the tech industry which are the next frontiers of business. The start-up nations initiative seeks to promote innovation that can have a ripple effect on the national economy. The overall goal is centred around helping innovative local tech start-ups, overcome constraints such as lack of strong early support structures, accelerators, and access to early-stage funding. Approximately 100 local tech start-ups were supported in the 2020/21 financial year.


To massify this support, the Department is rolling out incubation centres and digital hubs, with a target of 100 incubation centres across the country by the 2019-24 medium term period. Our view is that the Department does not have to set up new infrastructure, but instead utilise both government infrastructure and infrastructure in institutions of higher learning. The incubators/ hubs render support to young start-ups and innovators providing needed infrastructure, industry collaboration, Enterprise Supplier

Development (ESD) linkages, access to funding and investor linkages, build strong firm level teams with high touch mentoring and coaching aimed at building strong leadership, disruptive business models and scalable businesses poised for rapid growth. The hubs offer a full-service continuum and follow structured incubation and acceleration model.

The pandemic enabled the Department to bring forward the implementation of an online directory of SMMEs and Co-operatives, commonly known as the SMMESA. This directory is important because as government we are starting to consolidate data on SMMEs that are active in the country per economic sectors and sub-sectors, locality, annual turnover, age and gender of ownership and persons with disabilities. We are confident that through this directory, government will be able to accurately know the number of SMMEs and Co-operatives in the country both at formal and informal sector level. Since its inception, the database had registered more than 218 000 unique SMMEs and Co-operatives. The system is based on integration to key government agencies to ensure that data validation is achieved at the start of the process, improving the turnaround for the validation and completion of the process. A sub-joined process is being developed to enable an SMME rating system that considers business viability and linking the applicant directly with financial and non-financial opportunities, including Business Advisory services.

Access to finance remains a key constraint in the development and growth of SMMEs and Co-operatives, especially in developing countries like South Africa. Considering this, the Department will finalise and implement the SMMEs and Co-operatives Funding Policy during 2021/22 financial year with the aim of improving access to finance and coordinate financial investment of both public and private sector.

Despite the critical role of small businesses in the economy and development objectives of South Africa, the SMME sector remains vulnerable to exploitation and unable to utilise available legal remedies due to the prohibitive costs. In the 2020/21 financial year, the National Small Enterprise Amendment Bill 2020 was gazetted for public comments. The Draft Bill is intended to amend the National Small Enterprise Act, 1996 (Act No 26 of 1996) to improve access to justice for small businesses through the establishment of the office of the Small Enterprise Ombud Service. The Ombud service will become a vital legal instrument to enforce SMME contracts and resolve business-to-business disputes, as well as considering and disposing of complaints by small enterprises



in relation to the interpretation of the terms of agreement for procurement of goods, services or late and non-payment of amounts due and payable to small enterprises.

National planning to support small enterprises has been central to our strengthening SMMEs and Co-operatives. To this effect, the Department has developed the National Integrated Small Enterprise Development Masterplan and the Creative Industries Masterplan during the 2020/21 financial year. These Masterplans form part of our national government's strategic integrated plan for the development and support of small business communities, including Co-operatives. The Masterplans are not published as separate strategic plans nor as departmental Masterplans, but as part of a package of strategic actions tabled by the Sixth Administration.

The outbreak and spread of COVID-19 has impacted all of our lives in ways we could not have imagined and I am immensely proud of our predecessors, Ms Khumbudzo Ntshavheni and Ms Zoleka Rosemary Capa for leading the Department, tirelessly, during this difficult year under review. Also, sincere appreciation to the strong team of dedicated staff within the Department under the leadership of the Director-General,

Mr Lindokuhle Mkhumane – your diligent efforts have been impressive during a difficult and challenging year.

Globally, 2021 will clearly mirror 2020 as another unpredictable year, but we are committed to find new ways to meet the growing demands of the SMMEs sector. We remain deeply beholden to the role that the sector plays in the reconstruction of the economy. The trust placed in the Ministry of Small Business Development to lead the economic recovery and chart a path for sustainable economic growth is one which we carry out with great pride. The Deputy Minister and myself look forward to the enriching contributions, as well as the robust oversight work of the Portfolio Committee on Small Business Development and the relevant Select committees of the National Council of Provinces as the department continues to implement the critical mandate of the Department and its priorities.



MS STELLA TEMBISA NDABENI-ABRAHAMS, MP

MINISTER FOR SMALL BUSINESS DEVELOPMENT

1.4. STATEMENT BY DEPUTY MINISTER FOR SMALL BUSINESS DEVELOPMENT



Mr Sidumo Mbongeni Dlamini
Deputy Minister for Small Business Development

The establishment of the Ministry of Small Business Development in 2014 was undoubtedly a victory for the SMMEs and Co-operatives community. This marked the beginning of a centralised Department geared towards the reconfiguration of the economy by strategically placing small and medium business owners at the heart of economic reconstruction, transformation, and inclusive growth.

The 2020/21 financial year was characterised by a series of hurdles and obstacles from a macro and micro economic perspective. The socio-economic challenge brought about by the COVID-19 pandemic made it difficult for SMMEs and Co-operatives to thrive, maintain and enter new markets, especially international markets. Lockdown regulations affected the tourism, arts and culture, manufacturing, exports and imports and many other sectors that typically employ most of our young people. In response, the Department of Small Business Development proactively partnered with other National Departments to ease the burden already being experienced by most small, medium and micro enterprises.

The collaborative efforts include a partnership with the Department of Tourism for the establishment of the Tourism Equity Fund. The programme is administered by **sefa** and it provides a combination of grant funding, concessionary loans, and debt finance to support equity acquisitions as well as new and expansion developments in the tourism sector by black entrepreneurs. Moreover, DSBD partnered with the Department of Sports, Arts and Culture (DSAC) to set up a fund which is worth just over R22 million to provide relief to organisations, enterprises and individual practitioners in the craft, design, visual arts and audio-visual sectors.

President Ramaphosa's flagship programme for service delivery to communities known as the District Development Model (DDM) has seen government working together and gradually doing away with the well-documented silo approach to service delivery. This service delivery model seeks to ensure an integrated approach in local, provincial, and national government to support communities. The Department of Cooperative Governance (DCOG) has ensured that we fast-track our initiatives to offer integrated services to communities. To this end, the DSBD has allocated DDM champions to all 52 Metropolitan and District Municipalities in the country. These officials are dedicated to these districts to ensure that there is efficient coordination of programmes and speedy service delivery.

Our SMMEs and Co-operatives have been calling for a responsive government that listens and responds to their needs. Through TREP, we have been pragmatic in our approach and launched programmes that seeks to include survivalists and micro enterprises. The Department, together with our agencies, is offering financial and non-financial support to the SMMEs and Co-operatives through the TREP's interventions such as the Small-Scale Bakeries and Confectionaries Support Programme, Autobody Repairers and Mechanics Support Programme, Butcheries Support Programme, Clothing, Leather and Textiles Support Programme, Fruits and Vegetables Support Programme, Personal Care Support Programme, Spaza-Shop Support Programme and Tshisanyama and Cooked Food Support Programme.

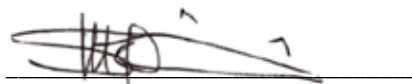
Under the broad-minded leadership of our Minister, our vision is geared towards a transformed and inclusive economy driven by sustainable and innovative SMMEs and Co-operatives. We believe that the Department's efforts to



challenge the status quo and negotiate with big retail stores and wholesalers to place locally manufactured products on their shelves is bearing fruit. Notably, a local hair product known as Afrobotanics, is now exclusively available in 840 Clicks stores countrywide. This enterprise has benefitted from DSBD's SMMEs-focused Localisation Policy Framework and Implementation Programme. The aim is to continue supporting such enterprises in endeavours to put their products on shelves of reputable retailers and encourage South Africans to buy local.

I wish to thank all our stakeholders who have supported us thus far, including the employees of the Department of

Small Business Development led by the Director-General Mr Lindokuhle Mkhumane. The Department will continue to prosper and make a meaningful contribution to the SMMEs and Co-operatives sector, but we know we cannot do so alone. I am inspired by the challenge of continuing to work with you to achieve more.



MR SIDUMO MBONGENI DLAMINI, MP

DEPUTY MINISTER FOR SMALL BUSINESS DEVELOPMENT

1.5. REPORT OF THE ACCOUNTING OFFICER



Lindokuhle Mkhumane
Accounting Officer

Introduction

As is the norm with any perfectly crafted and planned journey, challenges are abound, plentiful and unpredictable. The Department started the financial year 2020/21 with a clear and coordinated path to support SMMEs and Co-operatives. The outbreak of the COVID-19 pandemic changed the trajectory, and our immediate concern was to assist small businesses to not only survive but to thrive amidst a crisis. The crisis presented an opportunity for the Department to be a *difference maker* that fuels small businesses and economies. Our ability as a coordinated team to rapidly pivot during this period demonstrates the unique value we bring to the SMME sector, which is particularly apt in the current turbulent and uncertain times.

For the year under review, the Department appropriation was reduced by R129 million from an original appropriation of R2.407 billion to R2.278 billion during the adjusted Estimates of National Expenditure budget process. Expenditure as at 31 March 2021 was R2.249 billion (98.7%) of the final appropriation of R2.278 billion resulting in a variance of R28.6 million (1.3%). The under-expenditure was mainly contributed by (a) Compensation of Employees with R15.6 million, (b)

Transfers and Subsidies with R12.5 million), and (c) Goods and Services, and Machinery and equipment also underspent by R261 thousand and R317 thousand, respectively.


Although the Department spent 99% of the budget whilst achieving 86% of the APP targets, it should be noted that not all targets carry a commensurate financial implication. For instance, a 9.7% vacancy rate was achieved whilst this very target contributed 55% of the overall underspending. This as a result of vacant senior management posts during the financial year under review. The underspending on Transfers and Subsidies was as a result of underspending by Co-operatives Incentive Scheme and Black Business Supplier Development Programme caused by non-compliant applicants. Even though the TREP target and SheTradesZA targets are not achieved, there is no direct financial implication.

Our commitment to SMMEs and Co-operatives includes the creation and sustaining of jobs. Our targets and performance are driven by this objective. In the financial year 2020/21, despite the challenges that the year presented, the Department achieved 86% of its planned annual targets. I am pleased to provide our Annual Report for the 2020/21 financial year. The report provides a comprehensive account of matters that affected the Department from an operational and strategic perspective, the achievements and challenges and significant events and projects undertaken during the year under review.

Overview of the Operations of the Department:

Administration

The Administration programme, which is responsible for providing strategic leadership, management and support services to the Department, ensured that the offices of the Minister, Deputy Minister and the Director-General, as well as the Department at large were provided with support. At the same time, the Department continued to provide leadership and strengthening its oversight function over its public entities for them to perform optimally, particularly during the year under review where there was a greater need for partnership and collaboration due to the COVID-19 pandemic. The Department managed to reduce the vacancy rate to less than 10%, whilst maintaining the representation of women in Senior Management Service (SMS) at above 50%, and at the same time improving the employment of persons with disabilities from 2.4% which was an achievement for 2019/20 financial year to 3.3% for the year under review.



The Department achieved unqualified audit outcome for 2019/20 financial year. The Department paid 100% of its valid creditors in under 30 days, having received 8 681 invoices worth R52.609million, and these payments were processed on an average of 10 days. To improve its integration and streamline business processes and system, the Department has implemented phase two of the SMME Database – Government Agencies integrated data.

Sector Policy and Research

In creating an enabling environment for the development and growth of sustainable small businesses and Co-operatives, the Department developed the SMMEs-focused Localisation Policy Framework and Implementation Programme that was approved by Cabinet on 14 October 2020. Further, a programme to provide critical market access to emerging producers to replace imports in South Africa and grow trade with the rest of the African continent was developed.

The draft National Small Enterprise Amendment Bill, which was approved by Cabinet and gazetted for public comments on 11 December 2020, is critical in the attainment of the Department's mandate to lead and coordinate an integrated approach to the promotion and development of entrepreneurship, small enterprises, and ensure an enabling legislative and policy environment to support their growth and sustainability.

The Department envisage to progressively implement the SMMEs and Co-operatives Funding Policy, which seeks to expand access to financial support by new and existing SMMEs and Co-operatives in the underserved areas such as townships and rural areas, and also promote broader participation of small businesses in the mainstream economy. The implementation of the SMMEs and Co-operatives Funding Policy is part of the responsive programmes to support new and existing SMMEs and Co-operatives.

Integrated Co-operatives Development

The development and implementation of Masterplans will play a critical role in growing the South African economy through refocusing the industrial strategy, whilst expanding the productive sectors to contribute valuably to the economy. The National Integrated Small Enterprise Development Masterplan (NISED) focuses on increasing the participation of SMMEs in the formal economy. At its core, the NISED Masterplan represents a national strategy to coordinate the Government's efforts in partnership with private sector actors

by building a supportive ecosystem for smaller enterprises to thrive and grow. The Department is in the process of getting the NISED Masterplan to be approved by Cabinet, upon which its implementation will commence.

The Department is also responsible for leading the development of the Creative Industries Masterplan, and thus is directly leading the interventions in one of the priority sectors. This comes as the creative industries have once again been identified in the "Re-Imagined Industrial Strategy" by the Sixth Administration as one of the priority sectors that has potential to contribute to the growth of the South African economy. In its role to support **the dtic** and other sector departments leading the priority sectors, the Department collaborated with the Departments of Sport, Arts and Culture; Communications and Digital Technologies to revise the draft Creative Industries Masterplan which was presented to the Ministers of Small Business Development and the Department of Sports, Arts and Culture and finally submitted to Minister for further consideration during the period under review.

Through the implementation programme of the SMMEs-focused Localisation Policy Framework, the Department targets to link 1 000 products produced and services rendered by SMMEs and Co-operatives with the market over the medium-term period. During the period under review, the Department managed to link more than 200 products produced and services rendered by SMMEs and Co-operatives with the market.

Enterprise Development and Entrepreneurship

The Department leads in facilitating the increase in the number of functional small businesses with a focus on township economies and rural development through the newly conceptualised programmes such as the Business Viability Programme, Small Enterprise Manufacturing Support Programme, and the Co-operatives Development Support Programme. The Department will monitor and account for the impact of the programmes through reporting on the number of competitive small businesses and co-operatives supported.

In order to increase the capacity of designated groups: women, youth and persons with disabilities, the TREP, a dedicated programme to provide support to the township and rural enterprises with an emphasis on enterprises owned by the designated groups, supported 13 987 enterprises financially and non-financially. Although the 2020/21 target

of supporting 28 000 township and rural enterprises was not met, the achievement shows the efforts put by the Department and its entities particularly because 2020/21 was a challenging financial year to implement.

The Department is cognisant of the negative impact of regulatory burdens and red-tape on the development and growth of small businesses and Co-operatives. The Department assisted three Districts in the KwaZulu-Natal (KZN) province with the Ease of Doing Business (EODB) Pilot Administrative Simplification Programme for SMMEs and Co-operatives. The Department implemented the interventions in conjunction with key partnerships such as the KZN Economic Development, Tourism and Environmental Affairs (EDTEA), the KZN South African Local Government Association (SALGA) and the KZN Department of Cooperative Governance (DCOG).

The Department continued to implement the DCOG and DTA-led District Development Model (DDM), working alongside

the Minister, the Deputy Minister and District municipalities, **sefa** and Seda in the provinces to drive ongoing SMMEs and Co-operatives development engagements.

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 R300 thousand, which was transferred to the National Revenue Fund. The revenue collected was from a sale of a Ministerial vehicle (R121 thousand), departmental staff debts collected (R118 thousand), commission earned on third party deductions such as insurance premiums (R36 thousand), parking rental deductions from DSBD employees (R22 thousand), and commercial bank interest earned (R3 thousand). The Ministerial vehicle was over 5 years and had exceeded the 120 thousand kilometers, hence it was sold.

The table below depicts revenue collected:

Departmental receipts	2020/21			2019/20		
	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
Sales of goods and services other than capital assets	58	58	0	56	58	(2)
Interest, dividends and rent on land	0	3	(3)	14	26	(12)
Sales of capital assets	121	121	-	145	145	-
Financial transactions in assets and liabilities	16	118	(102)	23 019	23 028	(9)
Total	195	300	(105)	23 234	23 257	(23)

Programme Expenditure

Programme Name	2020/21			2019/20		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
1. Administration	113 095	111 348	1 747	119 475	116 659	2 816
2. Sector Policy and Research	16 714	13 370	3 344	25 621	18 630	6 991
3. Integrated Co-operatives Development	82 332	64 038	18 294	127 028	119 597	7 431
4. Enterprise Development and Entrepreneurship	2 065 662	2 060 438	5 224	1 996 428	1 973 894	22 534
Total	2 277 803	2 249 195	28 608	2 268 552	2 228 779	39 773

The Department spent R2.249 billion (98.7%) of the final appropriation of R2.278 billion, resulting in an under-expenditure of R28.6 million (1.3%). The economic classification contribution to the underspending are as follows:

Compensation of Employees – Expenditure was R135 million (89.7%) against the final appropriation of R150.5 million, resulting in an under-expenditure of R15.6 million (10.3%) due to existing vacancies.

Goods and services – Expenditure was R48.7 million (99.5%) against the final appropriation of R49 million, which constituted an underspending of R261 thousand (0.5%).

Capital asset – Expenditure was R3.9 million (92.5%) against the allocation of R4.2 million, which constituted an underspending of R317 thousand (7.5%), due to cost of minor assets being budgeted for as major assets.

Transfers and Subsidies – Expenditure was R2.062 billion (99.4%) of the final appropriation of R2.074 billion, which constituted an underspending of R12.5 million (0.6%). The underspending is mainly from Co-operatives Incentives Scheme (CIS) at R10.3 million and Black Business Supplier Development Programme (BBSDP) at R2.1 million.

Roll-Overs

The Department did not apply for any funds to be rolled over during the period under review.

Virement

During the 2020/21 financial year, virements were implemented in accordance with section 43 of the PFMA and reported to National Treasury (NT).

Programme	Adjusted Appropriation	Virement	Final Appropriation
	R'000	R'000	R'000
Administration	109 388	3 707	113 095
Sector Policy and Research	16 444	270	16 714
Integrated Cooperative Development	91 680	(9 348)	82 332
Enterprise Development and Entrepreneurship	2 060 291	5 371	2 065 662
Total	2 277 803	-	2 277 803

Reason for the virement

The Administration programme received a net virement of R3.707 million. The funds were mainly reprioritised to supplement a shortfall in Goods and Services related to communication and office accommodation.

The Sector Policy and Research Programme received an overall total of R270 thousand to supplement a shortfall in Goods and Services of R186 thousand and Machinery and Equipment of R85 thousand.

The Integrated Co-operatives Development Programme contributed an overall total of R9.348 million, mainly from Transfers and subsidies (R9.3 million), to the Enterprise Development and Entrepreneurship Programme's transfers and subsidies to supplement shortfall in Black Business Supplier Development Programme.

The Enterprise Development and Entrepreneurship Programme received a net overall amount of R5.371 million. The Black Business Supplier Development Programme had a shortfall of R9.3 million contributed by the Integrated Co-operatives Development programme. At the same time the Programme contributed R3.8 million from Transfers and Subsidies to Goods and Services for Administration programme to supplement the previously stated shortfall.

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

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

Fruitless and Wasteful expenditure: The Department started off the 2020/21 financial year with a balance of R14 thousand and a further R1 thousand was incurred during the financial year. The case for Telkom Account at an amount of R14 thousand has been handed over to Legal Services for further handling, whilst payment arrangement has been made for the remaining balance of R1 thousand.

Irregular expenditure: The Department started off the 2020/21 financial year with a balance of R217 thousand. The department incurred irregular expenditure of R1.460 million relating to the procurement of vehicles from g-Fleet for the period 1 February 2020 to 31 March 2021 without following the provisions of section 8.5 of Instruction Note 3 of 2016/2017, due to misinterpretation of advice from Government Technical Advisory Centre on finding alternative sources as a result of delays in finalising the Department of Transport Fleet PPP of contract. The Department

was participating in the Public Private Partnership (PPP) Contract RTG 718, administered by National Treasury. A further R4 thousand was incurred during the financial year. Investigations were undertaken and the relevant corrective measures were implemented. Application for condonement of the R106 thousand for Legal Services was declined by National Treasury and application for condonation of the R4 thousand awaits a response from National Treasury. Condonation was received for an amount of R111 thousand on exceeding the value of the contract and the remaining closing balance is R1.570 million.

The strategic focus over the short to medium term period

The National Development Plan, Vision 2030 (NDP) through its five-year implementation plan ascribes a critical role to small businesses, which includes increasing their contribution to GDP from 35% to 50% by the year 2024. The DSBD is expected to play a much more direct role in respect of **Priority 2: Economic Transformation and Job Creation**, with its expected outcomes being the creation of more decent jobs and inclusive economic growth. The SMMEs and Co-operatives are recognised as a critical sector that will contribute significantly to the transformation of the economy, inclusive economic growth and job creation. For the small businesses to be able to deliver on these imperatives, Government has a critical role to play in ensuring that they are properly supported, and a conducive environment is created for them to strive and grow.

To effectively position small businesses to play a meaningful role in the economy, the Department will implement the following interventions over the short- and medium-term plan:

a) Continue implementing the Township and Rural Entrepreneurship Programme (TREP): 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 Persons with Disabilities, in order to increase their capacity to access economic opportunities and enhance their competitiveness. The COVID-19 pandemic outbreak intervention measures programmes dedicated towards assisting informal and micro businesses. The COVID-19 pandemic pushed the Department to accelerate the development of the interventions that are designed to implement TREP. These interventions are:

- Small-Scale Bakeries and Confectionaries Support Programme,
 - Autobody Repairers and Mechanics Support Programme,
 - Butcheries Support Programme,
 - Clothing, Leather and Textiles Support Programme,
 - Fruits and Vegetables Support Programme,
 - Personal Care Support Programme,
 - Spaza-Shop Support Programme, and
 - Tshisanyama and Cooked Food Support Programme.
- b) Create an enabling environment for SMMEs and Co-operatives within which to operate:
- Finalise amendments to the National Small Enterprise Act through the National Small Enterprise Amendment Bill, 2020 ("the Bill") that the Department gazetted in December 2020, which seeks to amend the National Small Enterprise Act, 1996 (Act No. 102 of 1996) ("the Act"), mainly to provide for the office of the Small Enterprise Ombud Service ("the Office") and to repeal the provision for the Minister responsible for small business development to establish an Advisory Body.
 - The Department has requested and successfully got the Business Act No. 71 of 1991 transferred from **the dtic** to DSBD. The Department aims to provide for a simple and enabling framework for procedures for application of licensing of business by setting national norms and standards; and also, to repeal the Businesses Act, 1991.
 - Implement the SMMEs and Co-operatives Funding Policy to ensure the improvement access to affordable finance for SMMEs and Co-operatives.
- c) Implement the SMMEs-focused Localisation Policy Framework and Implementation Programme on SMMEs and Co-operatives:
- Products manufactured by small businesses and Co-operatives have been identified and are being promoted for listing with retailers and wholesalers. In its drive to promote the competitiveness of small businesses, Cabinet has approved the SMMEs-focused localisation policy framework which aims at increasing and accelerating the participation of SMMEs in producing goods locally, in particular those manufacturing SMMEs that are based in townships and rural areas. Further, to use this framework to target specific products and services to be manufactured by SMMEs, and to advocate for the high tariff protection and public sector procurement set asides or reservations



for such products. It is envisaged that the identified 1 000 products and services will be implemented over the next four years, and thereafter more and more products should be identified and procured from small businesses.

d) Small Enterprise Manufacturing Programme:

- To promote and encourage localisation in targeted sectors, DSBD in collaboration with **the dtic** introduced the Small Enterprise Manufacturing Programme. Financial support that is provided includes funding to purchase machinery and equipment for the various manufacturing sub-sectors that will be supported; Working capital for the various manufacturing sub-sectors that will be supported; and Funding for product accreditation, certification and testing. The programme provides finance support to entrepreneurs to the maximum value of R15 million per entity. The term of the funding is determined by the business cash flows up to a maximum of 84 months per small enterprise with a maximum moratorium of 6 months. Blended finance instrument is utilised where up to 50% of the funding required could be a grant and the balance could be a loan and the loan is repayable at prime lending rate.
- e) Establishment of an SMMEs and Co-operatives Database to ensure tracking of supported SMMEs and Co-operatives.
- f) Facilitated and ensure the increase in number of competitive small businesses and Co-operatives supported.

g) Promote sustainability and growth of SMMEs and Co-operatives by designing and implementing Business Viability Facility.

- The primary purpose of the Business Viability Facility is to ensure that SMMEs and Co-operatives are commercially and financially viable and contribute meaningfully to economic transformation and job creation. Some of the interventions will include business turnaround interventions including business rescue for those businesses whose business models are stronger to survive in the new normal.
- h) Establish and report on the number and performance of incubation centres and digital hubs for the SMMEs development.
- i) Sustain SMMEs and Co-operatives by linking them to markets through e-commerce platform.
- j) Introduce measures to support the SMMEs and Co-operatives prioritising women, youth and persons with disabilities to ensure minimum 40% target for women, 30% for youth and 7% for persons with disabilities.

Public Private Partnerships (PPP)

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




Discontinued key activities / activities to be discontinued:

No.	List of activities discontinued	Reasons for discontinuance	Effect on the operations and services delivery of the Department	Financial implication
1.	Annual Trend analysis report on the minimum of 30% public procurement spend directive on SMMEs and Co-operatives of which a minimum target of 40% women, 30% Youth and 7% for person with disabilities.	The activity has been discontinued; however, the Department will engage the National Treasury to introduce regulations that set aside certain products to be sourced from SMMEs and Co-operatives.	No effect as the regulations to be introduced under the new Procurement Act will address issues of inclusive growth and participation of SMMEs in high value procurement.	None
2.	Private companies complying with the BBBEE Codes of Good Practice and Sector Codes (procurement and ESD components).	The activity has been discontinued pending discussions with the dtic's B-BBEE Commission.	Not effect to the department as the B-BBEE is mandate for the dtic's B-BBEE Commission.	None
3.	National Accord to drive the development of Small Business Mandate finalised and submitted to Minister.	The activity has been discontinued and will form part of the small Enterprise Development Masterplan.	No effect as the National Accord has been proposed during 2019/20 financial year period to form part of the Enterprise Development Masterplan.	None
4.	Report reflecting 100% disbursement of the fund set-aside for the businesses in distress.	The activity has been discontinued and will be incorporated into the business viability programme implemented through sefa .	The businesses that are in distress to be supported through the Business Viability Programme.	None
5.	SMMEs and Co-operatives supported through blended finance programme.	The activity has been discontinued and the Budget re-prioritised for COVID-19 response initiatives.	No effect to the department as the programme is implemented through sefa .	Funds redirected towards sefa : Blended Finance and CDSP.
6.	Number of youth entrepreneurs supported.	The activity has been discontinued; Youth entrepreneurs will form part of the youth start-up initiatives.	No effect as the target will form part of the Start-up youth target.	None
7.	Development and Implementation of the Creative Industries Masterplan.	The Creative Industries Masterplan has been developed and finalised. The implementation of the plan involves the Department of Sport, Arts and Culture, Department of Trade, Industry and Competition and the Department of Small Business Development. Given the central role of the sector department viz, DSAC in the implementation of this Masterplan and the fact that both DSAC and DTIC have the largest funded interventions, it was decided that the monitoring of the implementation of the Masterplan be led by DSAC. DSBD will still implement the Craft CSP that forms part of the Creative Industries Masterplan.	None	None DSBD will continue to fund crafters through the Craft CSP allocation.

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.	Pop-up Market	Pop-up markets are part of the wider Departmental programme of Infrastructure support for SMMEs and Co-operatives. The initial plan was to establish product markets but due to time constraints and the logistical intricacies of refurbishing the structures, pop-up markets were added to ensure a balanced mixed of resource heavy infrastructure support programmes and the not-so resource heavy ones.	No effect on operations as the pop-up markets are delivered through a close collaboration with Seda, due to its footprint in Districts.	The activity is funded through Seda budget allocations.
2.	Business Act no. 71 of 1991 transferred from the dtic to DSBD	The Businesses Act provides for the regulation of business licensing and trading permits that are issued by Municipalities to businesses. The Act pre-dates the democratic dispensation and is no longer fit for purpose, resulting in varying business licensing systems and policies from Municipality to Municipality. A national business licensing framework is required and thus the Department would be amending this legislation to provide for a simplified and unified business licensing framework.	The Department is now responsible for three pieces of legislation viz, the National Small Enterprise Act no 102 of 1996 as amended, the Co-operatives Act no 14 of 2005 as amended and the Businesses Act.	Goods and Services budget of no more than R500k for consultants, stakeholder consultation events, and related activities.
3.	Business Viability Programme	The Business Viability Programme was introduced as one of the Departmental economic recovery measures to promote SMMEs and Co-operatives competitiveness, sustainability and growth to enable SMMEs and Co-operatives to stay afloat despite the difficult trading conditions. The Programme is aimed at assisting SMMEs and Co-operatives that are experiencing distress and require either financial or non-financial support in order to be viable and achieve the necessary operational efficiencies.	The Programme is assisting the Department to upscale support to new and existing SMMEs and Co-operatives by reducing the risk of business failure or mortality rate through the provision of financial and non-financial support to SMMEs and Co-operatives. The Business Viability Programme is rendering support to distressed small businesses to avoid business closure by reviving and restoring their business operations and to save or sustain existing jobs in the affected enterprises.	The budget allocation for the Programme is R348 million in respect of the 2020/21 financial year. The maximum funding available under the Business Viability Programme is R15 million per SMME or Co-operative.

No.	List new/ proposed activities	Reasons for new activities	Effect on the operations of the Department	Financial implication of each new activity
4.	Township and Rural Entrepreneurship Programme (TREP)	This is part of the commitments we made in the 2019/20 financial year, and it was part of delivering on the undertakings of the State President to resuscitate the township economies. In 2019 the DSBD committed to the conceptualisation of a dedicated programme to transform and integrate opportunities in townships and rural areas into productive business ventures. Cabinet approved a 5-year programme under this initiative, which aims to create a conducive environment for township and rural enterprises to thrive. The DSBD together with its agencies, Seda and sefa are providing financial and non-financial support to qualifying small enterprises in the economy to help them to acquire business equipment, tools, and machinery as well as business development support.	<p>The conceptualisation, design and roll-out of the Township and Rural Entrepreneurship Programme has raised and accelerated the collaborative approach of the DSBD Portfolio by creating platforms, systems and processes for the DSBD, Seda and sefa to plan and execute the programme jointly. Operationally, this means that the Guidelines and standard operating procedures (SOP) for the programme are aligned with a unified approach. The portfolio had not had a significant impact on the broader terrain of uplifting and formalising informal businesses with previous interventions. TREP and the portfolio approach will enable the Department to achieve better outcomes.</p> <p>The roll-out of the TREP interventions has allowed the DSBD to develop operational strategies that readily aligned with the Government-wide District Development Model (DDM). This was achieved when the department forged stronger working arrangements with all 44 District Municipalities and 8 Metros across the country and by deploying over 50 officials from the Department. The portfolio approach allowed the deployments to collaborate meaningfully with Seda and sefa Provincial and District structures across the country. Furthermore, communities were able to increasingly interface with officials from the portfolio within their respective communities on TREP and on related economic development matters.</p>	<ul style="list-style-type: none"> ✓ Spaza Shops Support Programme: R138.5 million ✓ Tshisanyama and cooked food Support Programme: R 50 million ✓ Bakeries and confectionaries Support Programme: R 100 million ✓ Autobody repairers and mechanics Support Programme: R 225 million ✓ Personal Care Support Programme: R 90 million ✓ Clothing, Leather and Textile Support Programme: R 105 million ✓ Fruit and vegetable Hawkers: R 135 million ✓ Butcheries Support Programme: R 95 million



No.	List new/ proposed activities	Reasons for new activities	Effect on the operations of the Department	Financial implication of each new activity
5.	Small Enterprise Manufacturing Programme	<p>To improve participation of small enterprises in the manufacturing industry and their contribution to the economy. The purpose of the programme is:</p> <ul style="list-style-type: none"> • Increase relative contribution of SMMEs in the manufacturing sector by 2030; • Increase the manufacturing employment targets through SMME production; • Increase exports of manufactured goods through SMME production with focus on dedication niche; • Increase/ grow labour productivity and competitiveness in the manufacturing sector for SMMEs; and • Change the structure of manufacturing to high tech. 	<p>Positive as the department now plays a pivotal role in the manufacturing industry and the programme gives effect to the Localisation Policy, the objectives of the policy in relation to the Small Enterprise Manufacturing Programme is to:</p> <ul style="list-style-type: none"> • To provide a framework for increasing and accelerating participation of SMMEs in the localisation programme, in particular for rural and township-based manufacturing enterprises; • To use the localisation programme to prepare SMME-manufactured products for the export market and improve the balance of trade for South Africa; • To stimulate domestic demand for South African manufactured goods (SMME-produced), in particular through public sector procurement; • To foster changes in the structure of the manufacturing sector towards more high-tech manufacturing; and • To provide a framework for coordinating public and private sector support for SMME participation in the localisation programme. 	The budget for the programme was R 150 million.

Supply Chain Management

There were no unsolicited bid proposals that were concluded for the year under review. The Supply Chain Management (SCM) processes and systems are in place to prevent irregular expenditure and where such cases are identified, the provisions of the Irregular Expenditure Framework of 2019 are applied, which includes the implementation of corrective measures and consequence management within

public service framework. Even though controls exist, the Department has two (2) new cases of irregular expenditure in the year under review. Controls are being tightened to mitigate this weakness. The Department's SCM is not adequately resourced, there is no Bid Office to provide the relevant services and this critical function is performed by officials who are not adequately skilled in this area.

Gifts and Donations received in kind from non-related parties during 2020/21 financial year:

No.	Name of Donor	Description	Estimated Amount (R)
1.	4IR Incubator Nelspruit	Mobicel 7 Tablet	1 200
2.	Annual Buy Local Summit and Expo	Gift pack from Proudly SA	429.99
3.	Ambassador of the USA	Whiskey and Fruitcake	510
4.	National Council for People with Disabilities	T-Shirts (15)	2 040

Exemptions and deviations received from the National Treasury

Not applicable.

Events after the reporting date

The position of the Director-General of the Department of Small Business Development that was vacant during 2020/21 financial year was filled on 5 May 2021. Mr. Lindokuhle Mkhumane, who was acting in the position since 2018, was appointed as the Director-General.

In its 2019/20 Annual Report, the Department reported on a forensic investigation into the administration of two of the

Department's incentives schemes. This investigation affected nine (9) of the DSBD employees who were suspended for alleged fraud. Four (4) of the nine (9) employees were cleared of allegations against them: two (2) were cleared before the hearing took place, while the other two (2) were cleared at the conclusion of the hearing. All disciplinary processes have since been finalised with five (5) employees dismissed on 13 May 2021.

Other

Not applicable



1.6. ACKNOWLEDGEMENTS

The 2020/21 financial year clearly showed the critical importance of being adaptable to the changing environment. As a Department, we view the year ahead as turning a page, we are no longer navigating a crisis, but we are facing a new reality and we are ready. I take this opportunity to thank the former Honourable Minister Khumbudzo Ntshavheni and former Honourable Deputy Minister Zoleka Rosemary Capa for the leadership, incredible dedication, perseverance, and commitment demonstrated in the 2020/21 financial year.

The Department warmly welcomes the appointment of the new leadership, Honourable Minister Stella Tembisa Ndabeni-Abrahams and Honourable Deputy Minister Sidumo Mbongeni Dlamini. We look forward to working with our Principals as we continue to face our new reality and making a difference within the SMME sector.

I also wish to acknowledge the support and contributions of all our stakeholders: Provincial Departments of Economic Development; the Portfolio Committee on Small Business Development; the Select Committee on Trade and Industry, Labour and Employment, Tourism and Small Business Development; and the broader SMMEs and Co-operatives Sectors – your efforts have helped the Department immensely in executing its mandate even during trying times such as the ones we experienced during 2020/21 financial year.

I further want to thank our agencies Seda and **sefa** for their

continued trust and support in moving towards a radically transformed economy through integrated and effective enterprise development and entrepreneurship promotion. As a DSBD portfolio, we have never been more committed to creating shared success for all SMMEs and Co-operatives. I am proud that during a challenging year, DSBD staff made up of committed individuals continued to deliver, on a reconfigured basis, our commitments to SMMEs, Co-operatives and communities at large. Colleagues went the extra mile in ensuring that even though we are limited, in terms of human resources, we still make our presence felt in the sector, including accepting responsibilities of being District Champions, Provincial Champions and Sector Champions.

Thank you!



LINDOKUHLE MKHUMANE

DIRECTOR-GENERAL

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT

DATE: 31 JULY 2021

1.7. 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 E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.
- The Accounting Officer is responsible for the preparation of the annual financial statements and for the 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 2021.



LINDOKUHLE MKHUMANE

DIRECTOR-GENERAL

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT

DATE: 31 JULY 2021



1.8. STRATEGIC OVERVIEW

1.8.1. VISION

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

1.8.2. 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.

1.8.3. VALUES

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

1.9. LEGISLATIVE AND OTHER MANDATES

1.9.1. CONSTITUTIONAL MANDATE

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

The Department of Small Business Development (DSBD) and its public entities derive its primary mandate from the Constitution of the Republic of South Africa, Act 108 of 1996, and in particular¹:

- **Section 22 – Enshrines freedom of trade, occupation and profession:** *“Every citizen has the right to choose their trade, occupation or profession freely. The practice of a trade, occupation or profession may be regulated by law”.*
- **Section 217 – which requires that:**
 - (1) *When an organ of state contracts for goods and services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.*

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

- (2) *It does not prevent the organs of state from implementing a procurement policy providing for the protection or advancement of persons or categories of persons disadvantaged by unfair discrimination.*


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

1.9.2. LEGISLATIVE AND POLICY MANDATES

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

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

Legislation and Policy	Mandate and Primary Outputs
National Small Enterprise Act 1996, (No.102 of 1996), as amended.	To develop, support and promote small enterprises to ensure their growth and sustainability. Seda provides non-financial business development and support services for small enterprises, in partnership with other role-players in the small business development environment.
Section 3 (d) of the Industrial Development Corporation Act, No.22 of 1940 (IDC Act).	To provide access to finance to Survivalist, Micro, Small and Medium businesses throughout South Africa. sefa supports the development of sustainable SMMEs through the provision of finance.
Co-operatives Development Act, 2005 (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.



Legislation and Policy	Mandate and Primary Outputs
Co-operatives Policy (2004)	<p>To create an enabling environment for Co-operative enterprises, which reduces the disparities between urban and rural businesses and is conducive to entrepreneurship.</p> <p>Promote the development of economically sustainable Co-operatives that will significantly contribute to the country's economic growth.</p> <p>To increase the number and variety of economic enterprises operating in the formal economy.</p> <p>To increase the competitiveness of the Co-operative sector so that it is better able to take advantage of opportunities emerging in national, African and international markets.</p> <p>To encourage persons and groups who subscribe to the values of self-reliance and self-help, and who choose to work together in democratically controlled enterprises and to register Co-operatives in terms of this Act.</p> <p>To enable such Co-operative enterprises to register and acquire a legal status separate from their members.</p> <p>To promote greater participation by black persons, especially those in rural areas, women, and persons with disability and youth in the formation of and management of Co-operatives.</p> <p>To establish a legislative framework that will preserve the Co-operative as a distinct legal entity.</p> <p>To facilitate the provision of support programmes that target Co-operatives, specifically those that create employment or benefit disadvantaged groups.</p>
Co-operative Amendment Act, 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 aforementioned acts, the DSBD is further mandated by acts not administered by the DSBD, including amongst others:


Name of Act	Consideration
Public Finance Management Act, 1999 (No. 1 of 1999), as amended.	To regulate financial management in the national and provincial governments and to ensure that the government resources are managed efficiently, effectively, economically and ethically.
Preferential Procurement Policy Framework Act, 2000 (No. 5 of 2000), as amended.	<p>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.</p> <p>The revised regulations were promulgated in 2017 and is also focusing on the implementation of 30% of the public procurement.</p>
Broad-Based Black Economic Empowerment Act, 2003 (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 (No. 71 of 2008), as amended.	Regulates the incorporation, registration, organisation and management of companies, including the fiduciary and "due care" duties and responsibilities of "directors" of a company.
National Credit Act, 2005 (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 (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.

Name of Act	Consideration
Financial Advisory and Intermediary Services Act, 2002 (No.37 of 2002), as amended.	Regulates the activities of all financial service providers who give advice or provide intermediary services to clients as regards 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 (No. 4 of 2013), as amended.	Promotes the protection of personal information by public and private bodies.

1.9.3 INSTITUTIONAL POLICIES AND STRATEGIES OVER THE FIVE-YEAR PLANNING PERIOD

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

Informing Policy/Strategy	Key Considerations
The National Development Plan, Vision 2030 (2012)	<p>The National Development Plan (NDP) envisions an economy that provides full employment by 2030 and serves the needs of all South Africans from different racial, social and economic backgrounds. As such, the economy will be more inclusive, grow faster, eliminate poverty and reduce inequality.</p> <p>The Department and its entities play a major and direct role in coordinating and influencing the implementation of Chapters 3 and 6 of the NDP; which respectively, deal with the economy and employment, and inclusive rural development and growth.</p>
The Medium- Term Strategic Framework (2019 – 2024)	<p>The Medium Term Strategic Framework (MTSF) defined as the combination of an NDP Five-Year Implementation Plan for the Priorities outlined in the Election Mandate and an Integrated Monitoring Framework.</p> <p>With regard to the set seven priorities identified in the MTSF, the DSBD has a primary/lead role in relation to Priority 2: Economic Transformation and Job Creation and their related sub-outcomes and interventions, as follows:</p> <p>PRIORITY 2: Economic Transformation and Job Creation:</p> <ul style="list-style-type: none"> • Upscale and expand support to small businesses. • Creating more jobs. • Inclusive economic growth. • Re-industrialisation of the economy emergence of globally competitive sectors. • Increased access to and uptake of ICT. • Competitive and accessible markets through reduced share of dominant firms in priority sectors. • Mainstreaming of Youth, Women, and Persons with Disabilities with minimum 40% target for Women, 30% for Youth and 7% for Persons with Disabilities in the SMMEs and Co-operatives Sector.
The Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises (2005)	<p>Covers the entire continuum of needed support from pre-start up and start-up support measures to growing enterprises and enterprises in distress. It focuses on the following three strategic areas with aligned actions, as follows:</p> <ol style="list-style-type: none"> 1. Increase supply for financial and non-financial support services – Collaborative approaches to streamline resources from the public sector and crowding in private sector resources; 2. Creating demand for small enterprise products and services - New policy directives, public sector procurement strategy and B-BBEE codes of good practice as a lever for increased demand; and 3. Reduce small enterprise regulatory constraints – Enabling environment, establish a regulatory impact assessment framework and business environment monitoring mechanism.



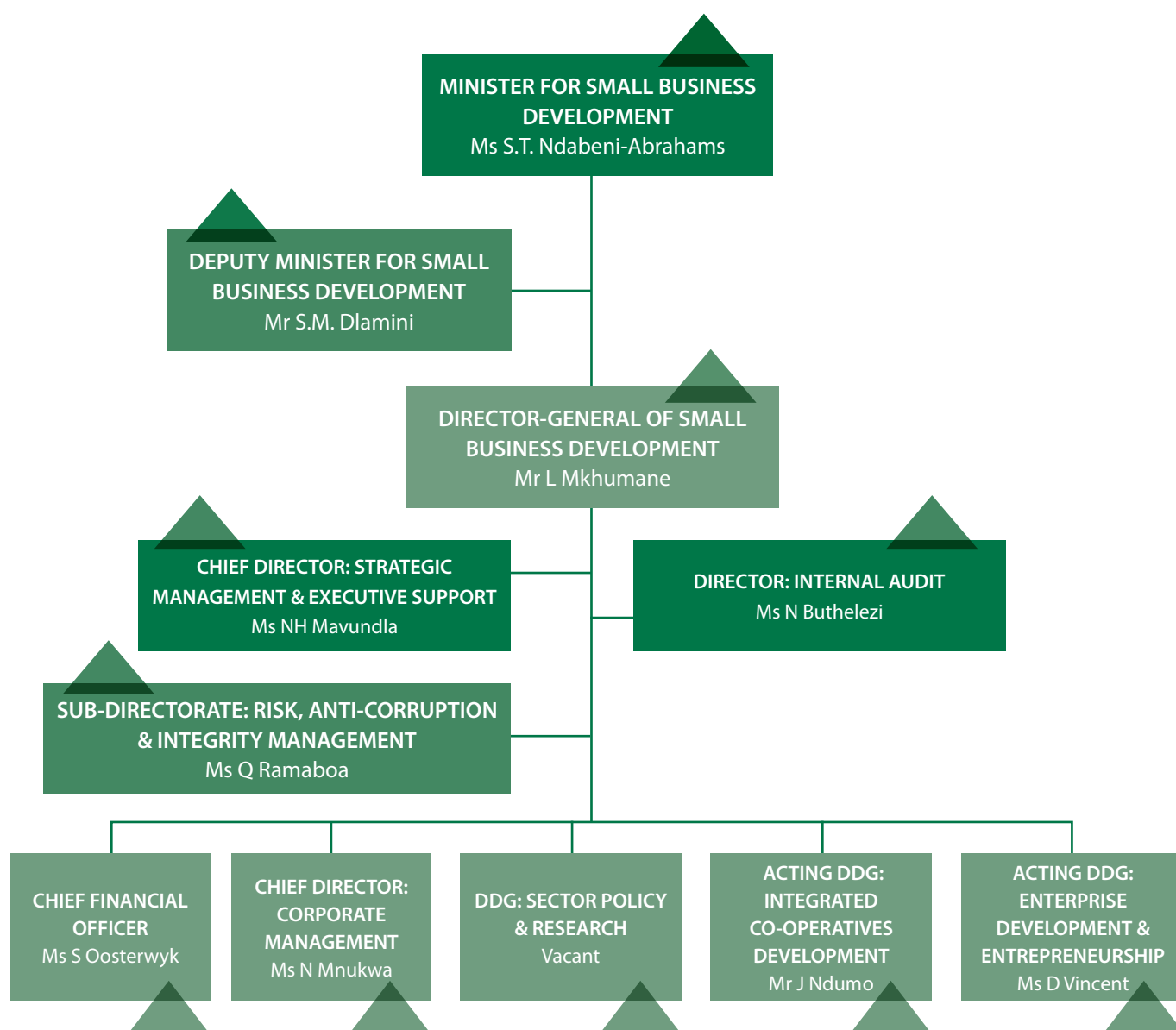
Informing Policy/Strategy	Key Considerations
The Integrated Strategy on the Development and Promotion of Co-operatives (2012)	<p>Seeks to support the ongoing profiling of the Co-operatives, communication outreach, improving access to Co-operatives support, information, research and strengthening advocacy on Co-operatives by delivering effective service and monitoring impact.</p> <p>The strategy further introduces key Co-operatives development and support programmes, under 4 strategic pillars, namely:</p> <ol style="list-style-type: none"> 1. To increase the supply of non-financial support services to Co-operatives; 2. To create demand for Co-operative enterprises products and services; 3. To improve sustainability of Co-operatives; and 4. To increase the supply of financial support services to Co-operatives. <p>These strategic pillars will be underpinned by efforts aimed at improving the availability of quality business information and knowledge through expanded research, communication outreach, education and training, and monitoring.</p>
The National Informal Business Upliftment Strategy (NIBUS) and Implementation Framework (2014 and 2015)	<p>Adopted by Cabinet in 2014, is aimed at supporting the enterprising poor in the informal business sector and facilitating their participation in the mainstream economy through various policy and programmatic interventions.</p> <p>Particular focus on the four Implementation Thrusts that may inform other areas of DSBD work and focus:</p> <ol style="list-style-type: none"> 1. Enhance the quality of enterprise development, promotion and capacity-building products and services. 2. Strengthen the policy and regulatory environment to support an integrated and coordinated approach to informal business upliftment. 3. Build the skills, capacity, systems and processes to drive an integrated and coordinated approach to informal business upliftment. 4. Strengthened national, regional and international partnerships to support and promote the NIBUS development agenda.

South Africa is also guided and bound by its multi-lateral and international commitments to the UN, AU and other multi-lateral organisations.

Informing International Convention or Policy	Key Considerations
The UN Sustainable Development Goals (SDG) (2015)	<p>Adopted by the UN Assembly in 2015. Specifically, the following SDGs are relevant to the DSBD and SBD Portfolio:</p> <ul style="list-style-type: none"> • Goal 5. Achieve gender equality and empower all women and girls. • Goal 8: Promote sustained, inclusive and sustainable economic growth, and full and productive employment and decent work for all. • Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.
The AU Africa 2063 Agenda (AU 2063)	<p>Of particular relevance to the DSBD and the Portfolio are the following aspirations of the Agenda 2063:</p> <ul style="list-style-type: none"> • Goal 1. A prosperous Africa based on inclusive growth and sustainable development. • Goal 6. An Africa where development is people-driven, unleashing the potential of its women and youth. • Goal 7: Africa as a strong, united and influential global player and partner.

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

1.10. THE ORGANISATIONAL STRUCTURE



1.11. ENTITIES REPORTING TO THE MINISTER

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

Name of Entity	Legislative Mandate	Financial Relationship (R'000)	Nature of Operations
Small Enterprise Finance Agency	<p>sefa was established in terms of Section 3 (d) of the Industrial Development Corporation Act, 1940 (Act No. 22 of 1940) and mandated to provide access to finance to</p> <p>Survivalist, Micro, Small and Medium businesses throughout South Africa. sefa supports the development of sustainable SMMEs through the provision of finance.</p>	1 165 500	<ul style="list-style-type: none"> • Achieve a high impact, high-performance through being responsive to the government's micro-economic policies and specifically the DSBD's Medium Term Expenditure Framework (MTEF) plan, • Improve sefa's financial sustainability, operational effectiveness, efficiency, and service delivery by streamlining business processes and deploying technology solutions, • Improve financial access and distribution reach and establish relevant value propositions and winning collaborative models, and • Instill an outcome orientated organisational culture supported by streamlined organisational structure and innovative delivery model that is aligned to the mandate and strategy.
Small Enterprise Development Agency	<p>Seda was established by the National Small Enterprise Act 1996, as amended and has the mandate to provide nonfinancial business development and support services for small enterprises, in partnership with other role-players in the small business development environment.</p>	824 478	<ul style="list-style-type: none"> • Business registrations; • Business planning; • Business advice counselling and training; • Facilitation of access to finance; • Facilitation of access to markets; • Co-operative support; • Business Incubation; • Targeted small enterprise training; • Technology Programme Access to technology; and • Capacity-building programme for Economic Development Provision of technical capacity and skills development.





PART B

PERFORMANCE INFORMATION



2. PART B: PERFORMANCE INFORMATION

2.1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA 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 103 of the Report of the Auditor-General in Part E: Financial Information.

2.2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

This section covers the performance of the Department in its entirety against its tabled 2020/21 Annual Performance Plan and the two revised and re-tabled 2020/21 Annual Performance Plans. In each of the Programmes presented below, Programme One to Four, the first table provides the Department's performance against the originally tabled 2020/21 APP and against only quarter one of the 2020/21 financial year.

The second table found under each of the four Programmes below depicts a second APP of the Department that was re-tabled but was never implemented due to a directive that was received from the Executive Authority to commence with the implementation of the third APP that was developed immediately after re-tabling the second APP, to ensure alignment with government's COVID-19 response work. This directive was issued and implemented from quarter two of the financial year under review.

The third table under each of the four Programmes reflects performance of the Department against the revised and final re-tabled 2020/21 APP, covering the three quarters of the financial year, as explained in the preceding paragraph. The annual targets reported in the third table are set against three quarters, as was guided by Department of Planning, Monitoring and Evaluation (DPME). Further, also as per the guidance received from DPME, the first two tables reflect only the targets that were revised in the APP that is reported against the third table.

Targets were considered to be achieved if 100% of their elements were attained or exceeded and targets in the 0-99% range were considered not to have been achieved. The DSBD achieved 19 (86%) of its set targets and three (14%) of the targets were not achieved.

Service Delivery Environment

The period under review has been a challenge for the Department. The Department had to adapt to the new working conditions inflicted by the COVID-19 pandemic, following a National State of Disaster declared on 15 March 2020 by President Cyril Ramaphosa in response to the COVID-19 pandemic. The announcement included a range of measures to contain the spread of the coronavirus. Following the declaration of the National State of Disaster, the President announced several lockdown levels, starting with level five which was regarded as a '*hard lockdown*'.

The lockdowns, especially levels five and four, brought most businesses and economic activities to a halt, which in turn led to a severe impact on the business operations and survival of the SMMEs and Co-operatives. Due to the dire need to sustain the SMMEs and Co-operatives, the Department had to shift from doing business as usual and ensure that the SMMEs and Co-operatives are assisted to stay afloat during and post the lockdown period. The Department worked together with its two entities, the Small Enterprise Finance Agency, and the Small Enterprise Development Agency, as a Small Business Development Portfolio and established an Economic Recovery Task Team with its sole purpose to ensure that SMMEs and Co-operatives receive the assistance they need with the urgency and care with which it should be provided.

At a strategic level, the shift in operations forced the Department to review its plans related to performance information. This was further necessitated by the special adjustment budget, which reduced the budget of the Department and led to reprioritisation of funds. Subsequently, the Department developed and introduced several interventions to support SMMEs affected by the COVID-19 pandemic, ensuring that the minimal resources at the Department's disposal are used optimally.

The interventions included the Business Growth and Resilience Facility; SMME Debt Relief Finance Scheme and **sefa**-Debt Restructuring Facility. Further to these, the

Department accelerated the implementation of the Township and Rural Entrepreneurship Programme (TREP), which was approved by Cabinet on 4 March 2020. The TREP, which calls for dedicated support to enterprises that are based in the township and rural areas and thereby ensuring that the majority of the people are included in the mainstream economy, became a key driver to support SMMEs and Co-operatives financially and non-financially during the year under review.

The District Development Model (DDM), which was launched by the President of the Republic of South Africa in 2019 as a unique form of social compact, involving critical players in every district and metro space to unlock development and economic opportunities, was used as an instrument to implement TREP.

The Township and Rural Entrepreneurship Programme constitutes seven interventions: Small Scale Bakeries and Confectioneries Business Support Scheme; Small Scale and Micro Clothing, Textile and Leather Business Support

Scheme; Butcheries Support Programme; Informal and Micro Personal Care Services Support Scheme; Tshisanyama and Informal and Micro Cooked Food Businesses Support; and Spaza Shop Support Programme. Additionally, a Fruit and Vegetable Vendors Support Programme was also developed to support hawkers and informal businesses.

Over and above the interventions already mentioned, which were tailor made as a response to COVID-19, the Department continued to implement the priorities of the sixth administration that are reflected in the 2019-2024 MTSF. During the financial year under review, the Department contributed towards the review of the 2019-2024 MTSF. The contribution of the Department was guided by the changes in the service delivery environment, which presented a long term impact into the Department's operations.

Service Delivery Improvement Plan

The following tables reflect the components of the SDIP as well as progress made in the implementation of the plans.

Main services and standards

No.	Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement ¹
1.	Cooperatives Incentives Scheme (CIS)	Stakeholders: The general public, Small businesses, cooperatives, informal businesses, Seda, sefa , DSBD staff members.	Co-operatives supported financially through the CIS to the value of the R87.9 million.	Co-operatives supported financially through the CIS to the value of the R92.8 million.	Co-operatives were supported through non-financial and/or financial to the value of R31.1 million during the 2020/21 financial year.
2.	Access to business infrastructure (tools, machinery and equipment) through the Black Business Support Development Programme (BBSDP)		Majority black-owned SMMEs supported financially through the BBSDP to the value of R286.1 million.	Majority black-owned SMMEs supported financially through the BBSDP to the value of R301.9 million.	The BBDSP supported businesses to the value of R23 618 095,93 during the 2020/21 financial year.

Batho Pele arrangements with beneficiaries

No.	Current/actual arrangements	Desired arrangements	Actual achievements
1.	Marketing/awareness campaigns conducted by the department across the country. Walk-ins at the department.	Marketing/awareness campaigns conducted by the department across the country. Walk-ins at the department.	Hybrid public information sharing engagements on various interventions of the Department took place during the financial year under review. These included initiatives such as consultative engagements, workshops, webinars, and public participation engagements conducted in municipalities across the country within all 44 districts.
2.	1. Free access to 77 Meintjies street, Block G, Sunnyside. 2. Working hours are from 7h45 to 16h30 during working weekdays. 3. Seda and sefa offices in provinces and local municipalities. 4. Enquiries are responded to in at least 6 (out of 11) official languages.	1. Free access to 77 Meintjies street, Block G, Sunnyside. 2. Working hours are from 7h45 to 16h30 during working weekdays. 3. Seda and sefa offices in provinces and local municipalities. 4. Enquiries are responded to in at least 8 official languages.	During the financial year under review, a different approach to access had to be adopted due to the COVID-19 regulations that the Department had to adhere to. During this period, the DSBD continued to use its call centre services, website and its social media pages effectively to engage with stakeholders.
3.	All enquiries regarding the applications, progress of application statuses are addressed politely, patiently and attentively.	All enquiries regarding the applications, progress of application statuses are addressed politely, patiently and attentively.	Enquiries regarding the applications, progress of application statuses were attended to with the necessary courtesy through the services of the DSBD call centre, its website and its social media pages.
4.	A manual recording of all walk-ins at the department and regional Seda offices. Information regarding progress on application status available on website.	A manual recording of all walk-ins at the department and regional Seda offices. Information regarding progress on application status available on website.	The 2020/21 financial year did not make it possible for the Department to record walk-ins as the environment necessitated the adoption of the virtual working arrangements. However, information regarding progress on application status was made available on the SMMESA portal which is an online tool.
5.	Follow up on enquiries within 2 days in at least 5 languages at the department. Follow up on enquiries /correspondence in 11 languages at Seda regional offices.	Follow up on enquiries within 1 days in at least 11 languages at the department. Follow up on enquiries / correspondence in 11 languages at Seda regional offices.	The Department, through Seda, has ensure that regional offices are capacitated with employees that speak the dominant languages within their respective regions.

Service delivery information tool

No.	Current/actual information tools	Desired information tools	Actual achievements
1.	Walk-ins Visits to the department Website Email: info@dsbd.gov.za Call centre: 0861 843 384 (select Option 2)	Walk-ins Visits to the department Website Email: info@dsbd.gov.za Call centre: 0861 843 384 (select Option 2)	Hybrid public information sharing engagements on various interventions of the Department took place during the financial year under review. These included initiatives such as consultative engagements, workshops, webinars, and public participation engagements conducted in municipalities across the country within all 44 districts.

Complaints mechanism

No.	Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
1.	DSBD call centre services	Attending to walk-ins, in addition to the arrangements explain under actual achievements.	Complaints received through the call centre by telephone and/or e-mail.

Organisational Environment

The period under review continued to be a challenge. The Department had to adapt to a new way of doing business that ensures service delivery during a period of lockdown.

The challenge to finalise the structure prevailed throughout the financial year and had significant impact on the operations of the Department as the pending finalisation of the structure meant that critical positions remained vacant. The vacant positions included the Director-General and two Deputy Director-General posts. These posts are responsible for providing critical and strategic leadership within the Department. In ensuring that the work of the Department continues, and that the strategic leadership is in place, personnel were appointed on an acting basis into these three critical positions and this situation prevailed throughout the period under review. At the close of 2020/21 financial year, recommendation was submitted to Minister of Public Service Administration (MPSA) for presentation to Cabinet for consideration and approval. The development of documents related to the recruitment and selection processes of the two Deputy Director-General posts, such as job descriptions and adverts, were initiated during 2020/21 financial year and the finalisation of the recruitment process will be seen through during 2021/22 financial year.

The working remotely practice that was introduced due to COVID-19 created uncertainty amongst managers about management of performance and whether service delivery would continue. However, while challenges were


experienced with work-life balance, employees embraced the new practice and adapted accordingly. Employees were supported with online workshops to provide them with tools on how to deal with the continuous change and uncertainty. The employees were also supported through the provision of the necessary tools of trade.

In managing the COVID-19 pandemic within the Department, the DSBD is adhering to the implementation of the directives issued by the Department of Public Service and Administration, as well as gazetted COVID-19 Regulations of each pronounced level of lockdown. The Department had twenty-six (26) confirmed COVID-19 cases and all recovered fully. There were no COVID-19 procurement investigations or audit findings for the DSBD during the year under review.

Key policy developments and legislative changes

During 2020/21 financial year, the Department requested and successfully got the Business Act No. 71 of 1991 transferred from **the dtic** to the DSBD. Since this Act is under the control of the DSBD, the Department aims to provide for a simple and enabling framework for procedures for application of licensing of business by setting national norms and standards through the amendment of this Act.

The transfer of the Business Act No.71 of 1991 from **the dtic** to DSBD meant that the Department has a responsibility of not only enforcing and monitoring the implementation of the Business Act No.71 of 1991, but also ensuring that the



process of undertaking the necessary amendments to the Act are initiated without delay.

In the financial year 2020/21, the National Small Enterprise Amendment Bill 2020 was gazetted for public comments. The Draft Bill is intended to amend the National Small Enterprise Act, 1996 (Act No 26 of 1996) to improve access to justice for small businesses. The Bill will further provide for the establishment of the office of the Small Enterprise Ombud Service. The Ombud service will become a vital legal instrument to enforce SMME contracts and resolve business-to-business disputes. Additionally, it will also deal with the considering and disposing of complaints by small enterprises in relation to the interpretation of the terms of agreement for procurement of goods, services or late and non-payment of amounts due and payable to small enterprises.

2.3. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The Department made significant progress towards achieving its five-year targets in relation to the outcome indicators in order to realise its medium term outcomes and long term impact statement and contributing towards the 2019-24 Medium Term Strategic Framework. The Department impact statement is to ensure the SMMEs and Co-operatives are sustainable and contributing meaningfully to the economy. In order to realise its Impact Statement, the department has developed medium-term outcomes to be achieved during the medium term period. These include:

- **Outcome One: Increased participation of SMMEs and Co-operatives in domestic and international markets.**

During the year under review, Cabinet approved the SMMEs-focused Localisation Policy Framework and Implementation Programme, which supports SMMEs to produce products locally and get these products procured by the public and private sectors. The Localisation Policy Framework further identified 1 000 locally produced products to be procured from SMMEs and Co-operatives to bolster locally manufactured products. The list of the 1 000 products and services has been published on the DSBD's website.

Through the implementation of the Localisation Policy Framework, the Department has a programme of listing products manufactured locally by SMMEs and Co-operatives with major retailers and wholesalers. As part of this programme, the Department has successfully listed

products manufactured by SMMEs and Co-operatives with wholesalers and retailers such as Premjee & Sons, Makro, Jumbo Cash and Carry, Pick'n Pay, Spar, Dis-chem and Clicks. By the end of March 2021, the number of products listed with wholesalers and retailers was 238, against the 200 targeted for the financial year, sustaining 630 jobs.

- **Outcome Two: Increase contribution of SMMEs and Co-operatives in Priority Sectors.**

The Department is entrusted with the development of two masterplans: Integrated Small Enterprise Development Masterplan, which has been finalised and approved by the Departmental EXCO; and Creative Industries Masterplan, which was developed and presented to the Ministers of Small Business Development; and Sports, Arts and Culture.

The Department embarked on a process of tracking and analysing the contribution to jobs by SMMEs and Co-operatives in priority sectors through the development of the annual report, which focused on the SMMEs and Co-operatives supported by the Department to ascertain their performance in different sectors. The report further presented an analysis of key StatsSA reports to understand the performance of SMMEs in the broader economy.

- **Outcome Three: Scaled-Up and coordinated support for SMMEs, Co-operatives, Village and Township economies.**

Two progress reports on the SMMEs Index Pilot Survey were produced. The survey responses were selected within the different districts in alignment to the District Development Model, using the data available to the DSBD.

Through the 101 incubators established by end of March 2021, Seda has managed to assist 8 787 SMMEs with business development related initiatives. Further, Seda has trained 8 919 SMMEs on various business aspects initiatives such as Business Leadership training, QMS Training, Business Etiquette Training, Customer Service Training, Export Orientation Awareness Training, Basic Food Hygiene Training, Basic Bookkeeping Training and Customer-orientation Training. The Department, through Seda, plays a pivotal role in assisting business owners with marketing resources and these include marketing plans, promotional material, website development, development of business plans, and others. Furthermore, Seda assists small business owners to comply with marketing requirements such as branding, packaging, bar coding, product testing and certification.

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

To support expanded access to financial support by small businesses, particularly enterprises owned by women, youth and PWDs that operate in townships and rural areas. In quarter four of the 2020/21 financial year, the Department developed the SMMEs and Co-operatives Funding Policy that was approved by EXCO. The Funding Policy seeks to promote broader participation of small businesses in the mainstream economy and its implementation is part of the responsive programmes to support new and existing SMMEs and Co-operatives.

Township and Rural Entrepreneurship Programme (TREP) is another programme under Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives Outcome. The TREP is a dedicated programme to transform and integrate opportunities in townships and rural areas into productive business ventures. The focus is to create platforms which provide the business support infrastructure and regulatory environment that enables entrepreneurs to thrive. The Department provided non-financial support to 8 711 entrepreneurs through the District Development Model campaign and 5 276 Spaza Shop Programme approvals were concluded.

The Department in facilitating the increase in number of competitive small businesses with a focus on township

economies and rural development, a total of 33 704 competitive SMMEs and Co-operatives were supported during the year under review. The Programme supported 726 crafters, against the planned 700, through the Craft Customised Support Programme in partnership with the Department of Sports, Arts and Culture.

- **Outcome Five: Reduced regulatory burdens for Small Enterprises.**

After the draft National Small Enterprise Amendment Bill was sent back for further refinement and resubmission to Cabinet, the Department fine-tuned the unfair business-to-business component of the Bill. The amended draft Bill was subsequently approved by Cabinet for public comments. Comments were received from the public following the National Small Enterprise Amendment Bill, 2020, which was published in the Government Gazette on 11 December 2020. A workshop with key government representatives was hosted to further strengthen the report with recommendations for submission to the Minister of Small Business Development. A consolidated report on the public comments was approved by EXCO during quarter four of the 2020/21 financial year.

During the year under review, three Districts in KwaZulu-Natal (KZN) were assisted on ease of doing business through the Pilot Administrative Simplification Programme (PASP). The intervention was implemented in partnership with the KZN Economic Development, Tourism and Environmental Affairs (EDTEA), the KZN South African Local Government Association (SALGA) and the KZN Co-operative Governance and Traditional Affairs (COGTA).

2.4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

2.4.1. PROGRAMME ONE: ADMINISTRATION

2.4.1.1. Purpose:

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

2.4.1.2. Sub-programmes:

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

2.4.1.3. Institutional Outcomes:

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

2.4.1.4. PROGRAMME ONE: ADMINISTRATION PERFORMANCE AGAINST THE ORIGINALLY TABLED 2020/21 ANNUAL PERFORMANCE PLAN

Table 2.4.1.4.1: Programme One – Outcomes, outputs, output indicators, targets and actual achievements

Programme One: Administration								
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators / Annual Targets
1. Improved Governance and Compliance.								
1.1. AGSA audit report.	Unqualified audit outcome for both financial and non-financial data maintained.	Target Achieved: Unqualified audit outcome for both financial and non-financial performance data for 2017/18 achieved.	Target Not Achieved: Unqualified audit outcome with material findings on performance information and compliance with legislation.	Unqualified audit outcome for both financial and non-financial data for 2019/20.	N/A	N/A	N/A	The output, output indicator and annual target were revised to reflect an overall Departmental audit opinion outcome.
1.2. Payment register.	% of valid creditors paid in under 20 days on average.	Target Achieved: 100% payment to eligible creditors were processed within 30 days. Received and processed 12 401 invoices valued at R75 390 787.71 on average 10 days.	Target Achieved: 100% payments to eligible creditors processed within 30 days. (11 467 invoices worth R65 347 730.48 paid on 13 average days).	100% of valid creditors paid in under 20 days on average.	Achieved: 100% of valid creditors paid in under 20 days on average.	N/A	N/A	The annual target was revised to reflect the standard 30 days requirement.

Programme One: Administration								
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators / Annual Targets
1.3. Expenditure Report.	% expenditure on cash flow projections.	Target Achieved: 4.6% The Department spent R1.420 billion of R1.488 billion with a variance of R69 million.	Target Achieved: 1.8% variance on annual budget. The Department spent R2.229 billion of R2.2269 billion with a variance of R39.8 million.	<5% expenditure on cash flow projections.	Not Achieved: <5% expenditure on annual budget expenditure on cash flow projections was not achieved.	4.5% over expenditure on cash flow projections.	Vacant posts and COVID-19 budget reprioritisation, which affected the projected spending.	Output indicator and annual target were revised to reflect annual budget.
1.4. 50% women in SMS employed.	Percentage of female SMS representation.	Target Achieved: 53,8% of female SMS representation.	Target Achieved: 55.9% (19/34) female SMS.	≥ 50% of female SMS representation.	Achieved: 57.9% of female SMS representation.	N/A	N/A	Output was revised by replacing the term women with female.
1.5. 7% representation of PWDs.	Percentage representation of PWDs.	Target Achieved: 3,1% people with disabilities employed.	Target Achieved: 2.4% (5/208) people with disabilities.	7% representation of PWDs.	Not Achieved: 2.4% representation of PWDs.	4.6% representation not achieved.	Recruitment process halted.	The annual target was revised to reflect the standard 7% requirement for the MTSF period (2019-2024).
1.6. Launch and implement DSBD and its Agency(ies) programme in Municipalities.	Number of District Municipal initiatives to launch and implement programmes of the DSBD and its Agencies.	Target Achieved: 39 facilitated interactions that delivered meaningful engagements with communities and the public were held.	Target Achieved: 47 Facilitated interactions that deliver meaningful engagements with communities and the public.	23 District Municipal initiatives to launch and implement programmes of the DSBD and its Agencies.	Not Achieved: 6 District Municipal initiatives to launch and implement programmes of the DSBD and its agencies were not held.	23 District Municipal initiatives to launch and implement programmes of the DSBD and its agencies not held.	The department could not launch and implement the planned programmes due to the hard lockdown restrictions.	The target was deferred to 2021/22 financial year due to the advent of COVID-19 pandemic and subsequent lockdown restrictions.

Programme One: Administration								
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators / Annual Targets
2. Improved integrated and streamlined business processes and systems.								
2.1. Modernised SMME Database.	SMME Database – Primary Government Departments and Agency integrated data produced.	Target Not Achieved: 2 ICT system projects defined in the DSBD ICT Plan not implemented.	Target Achieved: Phase 1 - Centralised Integrated. SMME/ Cooperatives/ Entrepreneur/ Informal Business Database & Portal Designed and Implemented.	Phase 2: SMME Database - Primary Government Departments and Agency integrated data implemented.	Not Achieved: Systems specification was not approved and roadmap for Phase 2 was not defined.	SMME Database - Primary Government Departments and Agency integrated data not implemented.	Challenges with the system required a focus to resolve before further development could take place.	The annual target revised to ensure that it focuses on the interface and integration with government agencies.

The above actual achievements reflect the Department's implementation of the 2020/21 quarter one milestones against the originally tabled 2020/21 Annual Performance Plan. It should therefore be noted that the deviation from the planned target to actual achievement may indicate severe underachievement for some of the targets due to the fact that actual achievement, which is for quarter one only, is reported against the annual target. It should further be understood that the advent of the COVID-19 pandemic severely impacted on the implementation of the quarter one targets.

2.4.1.5. PROGRAMME ONE: ADMINISTRATION PERFORMANCE AGAINST THE REVISED AND RE-TABLED 2020/21 ANNUAL PERFORMANCE PLAN THAT WAS NEVER IMPLEMENTED

Table 2.4.1.5.1: Programme One – Outcomes, outputs, output indicators, targets and actual achievements

Programme One: Administration								
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators / Annual Targets
1. Improved Governance and Compliance.								
1.1. Unqualified audit outcome for both financial and non-financial Report.	Unqualified audit outcome for both financial and non-financial data maintained.	Target Achieved: Unqualified audit outcome for both financial and non-financial performance data for 2017/18.	Target Not Achieved: Unqualified audit outcome with material findings on performance information and compliance with legislation.	Unqualified audit outcome for both financial and non-financial data for 2019/20.	N/A	N/A	N/A	The output was revised to reflect an overall Departmental audit opinion outcome.
1.2. 50% women in SMS employed.	Percentage of female SMS representation.	Target Achieved: 53,8% of female SMS representation.	Target Achieved: 55.9% (19/34) female SMS.	≥ 50% of female SMS representation.	N/A	N/A	N/A	Output was revised by replacing the term women with female.
1.3. 7% representation of PWDs.	Percentage representation of PWDs.	Target Achieved: 3,1% people with disabilities employed.	Target Achieved: 2.4% (5/208) people with disabilities.	≥ 7% representation of PWDs.	N/A	N/A	N/A	The annual target was revised to reflect the standard 7% requirement for the MTSP period (2019-2024).
2. Improved integrated and streamlined business processes and systems.								
2.1. Modernised SMME Database.	SMME Database – Primary Government Departments and Agency integrated data produced.	Target Not Achieved: 2 ICT system projects defined in the DSBD ICT Plan not implemented.	Target Achieved: Phase 1 - Centralised Integrated. SMME/ Cooperatives/ Entrepreneur/ Informal Business Database & Portal Designed and Implemented.	Phase 2: SMME Database - Primary Government Departments and Agency integrated data implemented.	N/A	N/A	N/A	The annual target revised to ensure that it focuses on the interface and integration with government agencies.

The above table reflects the Department's planned annual targets for 2020/21 financial year that were part of the APP that was re-tabled but was never implemented. It should be noted that, as per the guidance that was received from the DPME, the targets reflected above are only those that were amended in the final re-tabled APP reported below.

2.4.1.6. PROGRAMME ONE: ADMINISTRATION PERFORMANCE AGAINST THE FINAL RE-TABLED 2020/21 ANNUAL PERFORMANCE PLAN THAT WAS IMPLEMENTED FROM QUARTER TWO TO QUARTER FOUR

Table 4.4.1.5.1: Programme One: Outcomes, outputs, output indicators, targets and actual achievements

Programme One: Administration							
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for deviations
1. Improved Governance and Compliance.							
1.1. Unqualified audit outcome for the Department.	Unqualified audit outcome for the Department maintained.	Target Achieved: Unqualified audit outcome for both financial and non-financial performance data for 2017/18.	Target Not Achieved: Unqualified audit outcome with material findings on performance information and compliance with legislation.	Unqualified audit outcome for the Department for 2019/20 Financial Year.	Achieved: Unqualified audit outcome for the Department for 2019/20 Financial Year obtained.	N/A	N/A
1.2. Payment register.	% of valid creditors paid in under 30 days.	Target Achieved: 100% payments to eligible creditors were processed within 30 days. Received and processed 12 401 invoices valued at R75 390 787.71 on average 10 days.	Target Achieved: 100% payments to eligible creditors processed within 30 days. (11 467 invoices worth R65 347 730.48 paid on 13 average days).	100% of valid creditors paid in under 30 days.	Achieved: 100% of valid creditors paid in under 30 days.	N/A	N/A
1.3. Expenditure Report.	% variance on annual budget.	Target Achieved: 4.6% The Department spent R1.420 billion of R1.488 billion with a variance of R69 million.	Target Achieved: 1.8% variance on annual budget. Department spent R2.229 billion of R2.2269 billion with a variance of R39.8 million.	<5% variance on annual budget.	Achieved: 1.3% Variance on annual budget.	N/A	N/A

Programme One: Administration							
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for deviations
1.4.90% filled posts.	Percentage vacancy rate in funded posts.	Target Achieved: 7.7% vacancy rate in funded posts.	Target Not Achieved: 12.4% (26/209)	<10% vacancy rate in funded posts.	Target achieved: 9.7% vacancy rate in funded posts.	N/A	N/A
1.5.50% female in SMS employed.	Percentage of female SMS representation.	Target Achieved: 53.8% of female SMS representation.	Target Achieved: 55.9% (19/34) female SMS	≥ 50% of female SMS representation.	Target achieved: 57.1% of female SMS representation.	N/A	N/A
1.6.2.8% representation of PWDs.	Percentage representation of PWDs.	Target Achieved: 3.1% people with disabilities employed.	Target Achieved: 2.4% (5/208) people with disabilities.	≥2.8% representation of PWDs.	Target achieved: 3.3% representation of PWDs.	N/A	N/A
2. Improved integrated and streamlined business processes and systems.							
2.1.Phase 2: SMME Database implemented.	SMME Database –Government Agencies integrated data produced.	Target Not Achieved: 2 ICT system projects defined in the DSBD ICT Plan not implemented.	Target Achieved: Phase 1 - Centralised Integrated. SMME/Co-operatives/ Entrepreneur/ Informal Business Database & Portal Designed and Implemented.	Phase 2: SMME Database - Government Agencies integrated data implemented.	Target achieved: Phase 2: SMME Database – Government Agencies integrated data implemented.	N/A	N/A

The Administration programme continued to provide strategic leadership, management, and support services to the entire Department of Small Business Development. During the period under review, the Department received an unqualified audit opinion outcome for the 2019/20 financial year and also ensured that 100% of valid creditors were paid in under 30 days, with 8 681 invoices worth R51 357 824.09 paid on a 10-day average. The Department ensured that the variance between its budget expenditure and the allocated budget was less than 5%, by the end of the financial year under review expenditure was R2.249 billion of the R2.278 billion budget with a variance of R28.6 million. The Department set out to reduce the vacancy rate to be less than 10%, whilst ensuring representativity of women in SMS at 50% or above; increasing employment of persons with disabilities to 2.8% or more and Government Agencies integrated data implemented. These were achieved, closing the reporting period with a vacancy rate of 9.7%, female

representation at SMS 57.1%; employment of persons with disabilities at 3.3% and government agencies integrated data implemented. The Administration programme focused on supporting designated groups within the employ of the DSBD, setting targets for women representation in SMS and for employment of persons with disabilities. Both targets were achieved.

2.4.1.1. Strategy to address areas of under-performance

Not Applicable.

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

Not Applicable to the Department.

2.4.1.3. Reporting on the Institutional Response to the COVID-19 Pandemic

Not applicable to Administration Programme.

2.4.1.4. Linking performance with budgets: Programme One

Sub-Programme	2020/2021			2019/2020		
	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	21 640	21 612	28	26 203	26 141	62
Departmental Management (Office of the DG)	14 167	13 450	717	15 283	14 816	467
Corporate Services	52 456	51 815	641	51 909	50 083	1 826
Financial Management	19 189	18 840	349	18 639	18 330	309
Communication and Marketing	5 643	5 631	12	7 441	7 288	153
Total	113 095	111 348	1 747	119 475	116 659	2 816

Annual expenditure for Programme One: Administration amounted to R111.3 million (98.5%) against the final appropriation of R113.1 million, resulting in an under-expenditure of R1.7 million (1.5%). Compensation of Employees contributed R1.3 million to the under-expenditure due to vacancies and Machinery and equipment underspent by R304 thousand due to cost of minor assets being budgeted for as major assets.

The main cost drivers on expenditure for Programme One are Compensation of Employees at R64.1 million and Goods and Services at R44.2 million. The drivers on Goods and Services expenditure are operating leases for office accommodation and rented pool cars (R22.9 million), Computer services (R6.3 million), travel and subsistence (R5.4 million), audit costs (R3.4 million), Communication (R1.9 million) and Bursaries paid for employees (R590 thousand). The Programme spent a total of R1.2 million on COVID-19 related expenditure for Office cleaning, fumigating and procurement of consumable supplies.

2.4.2. PROGRAMME TWO: SECTOR POLICY AND RESEARCH

2.4.2.1. Purpose

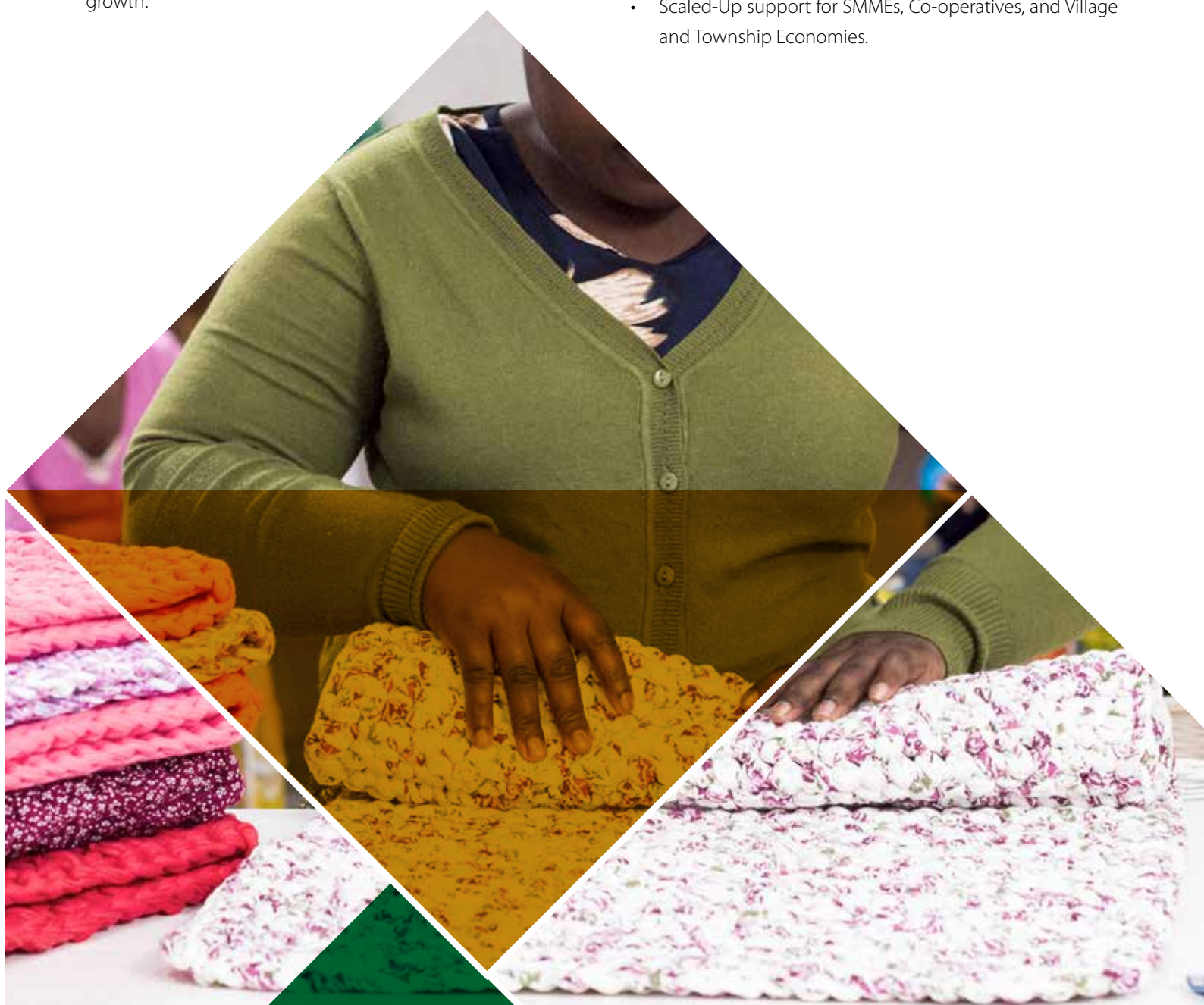
The Programme is responsible for creating an enabling environment for the development and growth of sustainable small businesses and Co-operatives through commissioning research; the development and review of policy and legislation; the coordination and promotion of sound intergovernmental relationships;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

2.4.2.2. Sub-programmes

- Research;
- Policy and Legislation;
- International Relations and Trade Promotion; and
- Monitoring and Evaluation.

2.4.2.3. Institutional Outcomes:

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



2.4.2.4. PROGRAMME TWO: SECTOR AND MARKET DEVELOPMENT PERFORMANCE AGAINST THE ORIGINALLY TABLED 2020/21 ANNUAL PERFORMANCE PLAN

Table 2.4.2.4.1: Programme Two: Outcomes, outputs, output indicators, targets and actual achievements

Programme Two: Sector and Market Development								
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators / Annual Targets
1. Increased participation of SMMEs and Co-operatives in domestic and international markets.								
1.1. Annual Trend analysis report on the minimum 30% public procurement spend directive for SMMEs and Co-operatives.	Number of reports on the minimum of 30% public procurement spend directive on SMMEs and Co-operatives of which a minimum target of 40% women, 30% Youth and 7% for person with disabilities.	Target not Achieved: Bi-Annual analysis of Government-wide Procurement Trend were not conducted.	N/A	Annual Trend analysis report on the minimum of 30% public procurement spend directive on SMMEs and Co-operatives of which a minimum target of 40% women, 30% Youth and 7% for PWDs.	Not Achieved: Progress report on the minimum of 30% public procurement spend directive on SMMEs and Co-operatives of which a minimum target of 40% women, 30% youth and 7% for PWDs was not developed.	Annual Trend analysis report on the minimum of 30% public procurement spend directive on SMMEs and Co-operatives of which a minimum target of 40% women, 30% Youth and 7% for PWDs was not developed.	Non-availability of data from the central repository (National Treasury) on Procurement.	DSBD does not have information to realise the target's objectives. National Treasury has Procurement Officer that tracks and generates reports with this information.
1.2. Increased designated products sourced from and produced by SMMEs and Co-operatives.	Number of the designated products sourced from and produced by SMMEs and Co-operatives.	N/A	N/A	1000 of the designated products sourced from and produced by SMMEs and Co-operatives.	Achieved: Products to be designated for sourcing from SMMEs and Co-operatives were identified and analysed.	N/A	N/A	The function of designating products is not within the mandate of DSBD.
1.3. Approved Localisation policy paper on SMMEs development.	Localisation policy paper on SMMEs development produced.	N/A	N/A	Localisation policy paper on SMMEs development approved.	Achieved: Consultations with stakeholders were conducted.	N/A	N/A	To emphasise focus on SMMEs and implementation of the programme.

Programme Two: Sector and Market Development								
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators / Annual Targets
1.4. Provisions made in accords and interventions for SMMEs implemented.	Produced National Accord to drive the development of Small Business Mandate.	The National Accord to drive the Small Business Mandate was drafted and presented to the Executive Committee (Exco) on 18 March 2019.	N/A	National Accord to drive the development of Small Business Mandate finalised and submitted to Minister.	Not Achieved: Consultation with stakeholders on the draft Accord were not conducted.	National Accord to drive the development of Small Business Mandate not finalised and not submitted to Minister.	Due to the nature of the target, wide consultations needed to be done but could not be done due to COVID-19 pandemic that required a change of focus.	Has been incorporated into National Integrated Small Enterprise Development Masterplan target.
1.5. Companies complying with the BBBEE Codes of Good Practice. Sector Codes (procurement and ESD components).	Number of private companies complying with the BBBEE Codes of Good Practice and Sector Codes (procurement and (ESD) components).	N/A	N/A	75 of private companies complying with the BBBEE Codes of Good Practice and Sector Codes (procurement and ESD components).	Not Achieved: There were no Consultations with stakeholders on determination on identification of 20 of private companies complying with the BBBEE Codes of Good Practice and Sector Codes.	75 of private companies complying with the BBBEE Codes of Good Practice and Sector Codes (procurement and ESD components) not obtained.	Consultations with BBBEE Commission were not finalised.	DSBD does not have information to realise the target's objectives, as it is within the mandate of the BBBEE Commission.

Programme Two: Sector and Market Development								
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tableling	Deviation from planned target to Actual Achievement for 2020/21	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators / Annual Targets
1.6. Product markets for SMMEs and Co-operatives implemented.	Number of the Product markets for SMMEs and Co-operatives Implemented.	N/A	<p>Four (4) Product markets roll out plans for SMMEs and Co-operatives approved by ADDG in four provinces:</p> <ul style="list-style-type: none"> • North West (Home industries and fashion) • Mpumalanga (Steel) • Limpopo (Agricultural) • Eastern Cape (Clothing). 	Five (5) Product markets for SMMEs and Co-operatives Implemented.	<p>Not Achieved:</p> <p>The process of appointing an implementing agent was not initiated.</p>	Five (5) product markets for SMMEs and Co-operatives not implemented	The focus was placed on developing the Terms of Reference of Product Markets.	The target was moved from the 2020/21 APP to the 2020/21 Operational Plan as Pop-Up Market target.
1.7. At least 250 thousand women entrepreneurs connect market by 2023.	Number of women owned businesses registered on SheTradesZA platform.	N/A	N/A	25 000 women owned businesses registered on SheTradesZA platform.	<p>Achieved:</p> <p>Conceptualisation and design of the SheTradesZA Initiative was done.</p>	N/A	N/A	The target has been reduced to 2 000 women-owned businesses registered on international platform. The reduction was due to slow opening of the international market.

Programme Two: Sector and Market Development								
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tableing	Deviation from planned target to Actual Achievement for 2020/21	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators / Annual Targets
	Number of women owned businesses of assisted to access global value chains.	N/A	N/A	1200 women owned businesses assisted to access global value chains.				The target was incorporated into 2 000 women owned businesses registered on inter-national platform target.
1.8.Increased number of the SMMEs and Co-operatives exposed to international market opportunities.	Number of SMMEs and Co-operatives exposed to international market opportunities.	N/A	N/A	500 SMMEs and Co-operatives exposed to international market opportunities.	Not Achieved: 125 SMMEs and Co-operatives were not exposed to international market opportunities.	500 SMMEs and Co-operatives were not exposed to international market opportunities.	Due to the COVID-19 pandemic, International Market was closed.	The target was deferred to 2021/22 financial year due to travel restrictions in the advent of the COVID-19 pandemic during 2020/21 financial year.
2. Increased contribution of the Priority Sector to GDP.								
2.1. Approved Creative Industries Master Plan.	Creative Industries Master Plan produced.	N/A	N/A	Creative Industries Masterplan finalised and submitted to Cabinet for consideration.	Achieved: Draft Creative Industries Masterplan was developed.	N/A	N/A	The target was revised to set it to be within the control of DSBD.

Programme Two: Sector and Market Development								
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators / Annual Targets
3. Increased contribution of SMMEs and Co-operatives in Priority Sectors.								
3.1. Increase in shared national turnover of SMMEs and Co-operatives participating in priority sectors.	Number of quarterly reports on the participation of SMMEs and Co-operatives in priority sectors.	N/A	N/A	Four (4) Quarterly Reports on the participation of SMMEs and Co-operatives in priority sectors.	Not achieved: Quarterly report on the participation of SMMEs and Co-operatives in priority sectors was not developed.	Four quarterly reports on the participation of SMMEs and Co-operatives in priority sectors were not developed.	Due to COVID-19 pandemic that required a change of focus, the three months period did not yield sufficient time to collect the necessary data for the development of the report.	The target was revised to be measured on an annual basis and placed focused on the creation of jobs by SMMEs and Co-operatives.
4. Reduced regulatory burdens of Small Enterprises.								
4.1. Registered Municipalities attended the ease of doing business awareness.	Number of districts in a province assisted with EODB Pilot Administrative Simplification Programme for SMMEs and Co-operatives Baseline.	Target Achieved: 30 Municipalities were assisted to roll out the RTRP, namely: <ul style="list-style-type: none"> • Lesedi Local Municipality • Merafong Local Municipality • Sedibeng District 	Target achieved: Red-Tape Reduction Awareness Programme rolled out in 33 municipalities.	Five (5) Districts in a province assisted with EODB Pilot Administrative Simplification Programme for SMMEs and Co-operatives - Baseline.	Achieved: Recruitment and Selection of the municipalities completed.	N/A	N/A	The number of Districts to be supported was reduced due to budget reprioritisation.

Programme Two: Sector and Market Development								
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tableing	Deviation from planned target to Actual Achievement for 2020/21	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators / Annual Targets
		<ul style="list-style-type: none"> • Midvaal Municipality • Emfuleni Municipality • Nketoana Local Municipality • 5 District Municipalities and 18 Local Municipalities in the Free State • Moses Kotane Municipality in North West. 						

The above actual achievements reflect the Department's implementation of the 2020/21 quarter one milestones against the originally tabled 2020/21 Annual Performance Plan. It should therefore be noted that the deviation from the planned target to actual achievement may indicate severe underachievement for some of the targets due to the fact that actual achievement, which is for quarter one only, is reported against the annual target. It should further be understood that the advent of COVID-19 pandemic severely impacted on the implementation of the quarter one targets.

2.4.2.5. PROGRAMME TWO: SECTOR POLICY AND RESEARCH PERFORMANCE AGAINST THE REVISED AND RE-TABLED 2020/21 ANNUAL PERFORMANCE PLAN THAT WAS NEVER IMPLEMENTED

Table 2.4.2.5.1: Programme Two: Outcomes, outputs, output indicators, targets and actual achievements

Programme Two: Sector Policy and Research								
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators / Annual Targets
1. Increased participation of SMMEs and Co-operatives in domestic and international markets.								
1.1. Localisation programme on SMMEs and Cooperatives finalised and approved.	Localisation programme on SMMEs and Co-operatives finalised and approved.	N/A	N/A	Localisation programme on SMMEs and Co-operatives developed and adopted by EXCO in Q3.	N/A	N/A	N/A	To emphasise focus on SMMEs and implementation of the programme.
2. Reduced regulatory burdens for Small Enterprises.								
2.1. National Small Enterprise Act amended.	Approved Submission for the Proposed National Small Enterprise Amendment Bill taken through Minister Cabinet processes.	<p>Target not Achieved:</p> <p>Amendment of the National Small Business Bill through legislative process not completed.</p> <p>Schedule 1 of the National Small Enterprises Act was gazetted on 15 March 2019.</p> <p>The position paper on Alternate Dispute Resolution has been finalised.</p>	<p>Target Achieved:</p> <p>The Department Submitted Cabinet memorandum to the Minister on the consolidated proposed amendment of the National Small Enterprise bill (content) document.</p>	Proposed National Small Enterprise Amendment Bill submitted and taken through Cabinet processes.	N/A	N/A	N/A	The Output, Output indicator and annual target were amended to ensure that are within the control of the Department.

Programme Two: Sector Policy and Research								
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators / Annual Targets
3. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.								
3.1. SMMEs and Co-operatives Funding Policy approved.	SMMEs and Co-operatives Funding Policy produced.	N/A	N/A	SMMEs and Co-operatives Funding Policy approved.	N/A	N/A	N/A	Instead of having the funding policy produced, the aim became to have it approved.
4. Scaled-Up support for SMMEs, Co-operatives, Village and Township Economies.								
4.1. Report on SMME Support Plan 2019 – 2024 implemented.	Number of reports on the implementation of SMME Support Plan 2019 – 2024 approved by EXCO.	N/A	N/A	Three (3) reports on the implementation of SMME Support Plan 2019 – 2024 approved by EXCO.	N/A	N/A	N/A	The target was revised to be measured on an annual basis.

The above table reflects the Department's planned annual targets for 2020/21 financial year that were part of the APP that was re-tabled but was never implemented. It should be noted that, as per the guidance that was received from the DPME, the targets reflected above are only those that were amended in the final re-tabled APP reported below.

2.4.2.6. PROGRAMME TWO: SECTOR POLICY AND RESEARCH PERFORMANCE AGAINST THE FINAL RE-TABLED 2020/21 ANNUAL PERFORMANCE PLAN THAT WAS IMPLEMENTED FROM QUARTER TWO TO QUARTER FOUR

Table 2.4.2.6.1: Programme Two: Outcomes, outputs, output indicators, targets and actual achievements

Programme Two: Sector Policy and Research							
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for deviations
1. Increased participation of SMMEs and Co-operatives in domestic and international markets.							
1.1. Approved SMMEs- focused localisation Policy Framework and Implementation Programme.	SMMEs-focused Localisation Policy Framework and Implementation Programme finalised and approved.	N/A	N/A	SMMEs-focused Localisation Policy Framework and Implementation Programme developed and approved by EXCO and Cabinet in Q3.	Achieved: SMMEs-focused Localisation Policy Framework and Implementation Programme for SMMEs developed and approved by EXCO and Cabinet in Q3.	N/A	N/A
2. Reduced regulatory burdens for Small Enterprises.							
2.1. Amendment of National Small Enterprise Act commenced.	Report on consolidated public comments received on the National Small Enterprise Amendment Bill approved by EXCO.	Target not Achieved: Amendment of the National Small Business Bill through legislative process not completed. Schedule 1 of the National Small Enterprises Act was gazetted on 15 March 2019. The position paper on Alternate Dispute Resolution has been finalised.	Target Achieved: The Department Submitted Cabinet memorandum to the Minister on the consolidated proposed amendment of the National Small Enterprise bill (content) document.	Report on consolidated public comments received on the National Small Enterprise Amendment Bill approved by EXCO.	Achieved: Report on consolidated public comments received on the National Small Enterprise Amendment Bill approved by EXCO.	N/A	N/A

Programme Two: Sector Policy and Research							
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for deviations
3. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.							
3.1. SMMEs and Co-operatives Funding Policy approved.	Approved SMMEs and Co-operatives Funding Policy.	N/A	N/A	SMMEs and Co-operatives Funding Policy developed and approved by EXCO.	Achieved: SMMEs and Co-operatives Funding Policy developed and approved by EXCO.	N/A	N/A
4. Scaled-Up support for SMMEs, Co-operatives, Village and Township Economies.							
4.1. Report on the implementation of SMME Support Plan 2019 – 2024.	Report on the implementation of SMME Support Plan 2019 – 2024 approved by EXCO.	N/A	N/A	One (1) report on the implementation of SMME Support Plan 2019 – 2024 approved by EXCO.	Achieved: One (1) report on the implementation of SMME Support Plan 2019– 2024 approved by EXCO.	N/A	N/A

The Sector Policy and Research Programme achieved all its planned annual targets for the period under review. The Department was assigned the responsibility of developing a localisation policy in the 2019 – 2024 Medium-Term Strategic Framework. During the year under review, the Department developed the SMMEs-focused Localisation Policy Framework and Implementation Programme that was approved by Cabinet on 14 October 2020. Subsequently, the Department initiated a programme to provide critical market access to emerging producers to replace imports in South Africa and grow trade with the rest of the African continent. In gearing up for the roll out and implementation of the SMMEs-focused Localisation Policy Framework, the Department held engagements with stakeholders such as the South African Local Government Association (SALGA), the Department of Science and Innovation (DSI) and eThekweni Metropolitan Municipality. These stakeholders highlighted that their own policies and strategies would incorporate the elements of the localisation framework.

After the draft National Small Enterprise Amendment Bill was sent back for further refinement and resubmission to Cabinet, the Department fine-tuned the unfair business-to-business component of the Bill. The amended draft Bill was submitted to and approved by Cabinet for public comments. Comments were received from the public following the National Small Enterprise Amendment Bill, 2020, which was published in the Government Gazette on 11 December 2020. A workshop with key government representatives was hosted to further strengthen the report with recommendations for submission to the Minister of Small Business Development. A

consolidated report on the public comments was approved by EXCO during quarter four of the 2020/21 financial year.

To support expanded access to financial support by small businesses, particularly enterprises owned by women, youth and PWDs that operate in the underserved areas such as townships and villages, the Department developed the SMMEs and Co-operatives Funding Policy that was approved by EXCO, also in quarter four of the 2020/21 financial year. The Funding Policy seeks to promote broader participation of small businesses in the mainstream economy and its implementation is part of the responsive programmes to support new and existing SMMEs and Co-operatives.

The development and approval of the SMMEs and Co-operatives Funding Policy, and SMMEs-focused Localisation Policy Framework and Implementation Programme contributed significantly towards broader participation in the mainstream economy by small businesses, prioritising enterprises owned by women, youth and PWDs that operate in underserved areas such as townships and villages.

2.4.2.7. Strategy to overcome under-performance

Not Applicable

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

Not applicable to the Department.

2.4.2.9. Reporting on the Institutional Response to the COVID-19 Pandemic

Not applicable to Sector Policy and Research Programme.

2.4.2.10. Linking performance with budgets: Programme Two

Sub-Programme	2020/2021			2019/2020		
	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
Research	10 329	9 868	461	13 358	11 440	1 918
Policy and Legislation	4 027	1 436	2 591	5 783	3 666	2 117
Monitoring and Evaluation	2 353	2 063	290	4 723	2 917	1 806
International Relations and Trade Promotion	5	4	1	1 757	607	1 150
Total	16 714	13 370	3 344	25 621	18 630	6 991

Annual expenditure for Programme Two: Sector Policy and Research amounted to R13.4 million (80.3%) against the final appropriation of R16.7 million, resulting in an under-expenditure of R3.3 million (19.7%). Compensation of Employees contributed R3.3 million to the under-expenditure due to vacancies, whilst Goods and Services underspent by R31 thousand, mainly on travel and subsistence. The

main cost drivers on expenditure for Programme Two are Compensation of Employees at R12 million and Goods and Services at R1.4 million. The drivers on Goods and Services expenditure are travel and subsistence (R674 thousand), Consultants (R178 thousand) and Communication (R240 thousand).

2.4.3. PROGRAMME THREE: INTEGRATED CO-OPERATIVES DEVELOPMENT

2.4.3.1. Purpose:

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

2.4.3.2. Sub-programmes:

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

2.4.3.3. Institutional Outcomes:

- Increased participation of SMMEs and Co-operatives in domestic and international markets.
- Increase contribution of the priority sector to GDP.
- Scaled-Up and coordinated support for SMMEs, Co-operatives, Village and Township Economies
- Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.



2.4.3.4. PROGRAMME THREE: ENTERPRISE DEVELOPMENT PERFORMANCE AGAINST THE ORIGINALLY TABLED 2020/21 ANNUAL PERFORMANCE PLAN

Table 2.4.3.4.1: Programme Three: Outcomes, outputs, output indicators, targets and actual achievements

Programme Three: Enterprise Development								
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators/ Annual Targets
1. Designed and implemented responsive targeted financial and nonfinancial support programmes to new and exist SMMEs and Co-operatives.								
1.1.Approved Small Enterprise Development Master Plan.	Small Enterprise Development Masterplan produced.	N/A	Target Not Achieved: Small Enterprise Development Masterplan document developed and not approved by EXCO.	Small Enterprise Development Masterplan approved and implemented.	Not Achieved: Consultations with key stakeholders on the draft Masterplan were not conducted.	Small Enterprise Development Masterplan not approved and implemented.	The Department conducted stakeholder consultation mapping with EDSE (which is technical partner/ stakeholder of developing the Masterplan).	The scope of the target was broadened to National level and therefore necessitated extensive consultation to be conducted.
1.2.Supported start-up youth businesses.	Number of start-up youth business supported.	N/A	N/A	100 000 start-up youth business supported.	Not achieved: 20 000 start-up youth business were not supported.	100 000 start-up youth business were not supported.	Financial resources were redirected to COVID-19 interventions.	The target was deferred to 2021/22 financial year due to funds being redirected to COVID-19 interventions.
1.3.Supported youth entrepreneurs.	Number of youth entrepreneurs supported.	N/A	N/A	33 332 of youth entrepreneurs supported.	Not achieved: 8 333 of youth entrepreneurs were not supported.	33 332 of youth entrepreneurs were not supported.	Financial resources were redirected to COVID-19 interventions.	The target was incorporated into start-up youth businesses supported target that was differed into 2021/22 financial year.

Programme Three: Enterprise Development								
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators/ Annual Targets
2. Scaled-Up and coordinated support for SMMEs, Co-operatives, Village and Township economies.								
2.1. Established productive Incubation centres prioritising townships and rural areas.	Number of Consolidated Impact assessment reports on the performance of incubation centres and digital hubs prioritising those in Townships and Rural areas.	Target Achieved: 13 SMMEs Incubators were supported through the EIP.	Target Achieved An approved Report on Six (6) digital hubs in townships and rural areas established. SBTI Botshabelo Digital Hub, Limpopo Digital Hub, 4th Industrial Revolution, KwaMashu Digital Hub, Alexandra Digital Hub and Mafikeng Digital Hub.	One (1) Consolidated Impact assessment report on the performance of incubation centres and digital hubs prioritising those in Townships and Rural areas.	Not achieved: Quarterly impact assessment report on the performance of incubation centres and digital hubs prioritising those in Townships and Rural areas. was not developed.	One (1) Consolidated impact assessment report on the performance of incubation centres and digital hubs prioritising those in Townships and Rural areas was not developed.	Due to Covid-19 lockdown restrictions.	Target was deferred to 2021/22 financial year due to COVID-19 lockdown restrictions.
2.2. SMME Support Plan implemented.	Number of reports on implementation of SMMEs Support Plan.	N/A	N/A	Four (4) reports on the implementation of SMMEs Support Plan.	Not achieved: Report on the implementation of SMMEs Support Plan was not developed.	Four (4) reports on the implementation of SMMEs Support Plan not developed.	Focus was shifted to newly developed COVID-19 relief programmes that were designed to support SMMEs and Co-operatives to stay afloat.	The target was revised to be measured on an annual basis.

Programme Three: Enterprise Development								
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators/ Annual Targets
2.3. National Small Enterprise Index Framework established.	Number of progress reports on the SMMEs Index Pilot survey produced.	N/A	Target Achieved: Measurement Framework for the SMMEs index dimensions and indicators approved by EXCO.	Progress Reports on the SMMEs Index Pilot Survey Produced.	Not Achieved: Consultations with key stakeholders on SMMEs Index Measurement Framework (dimension and indicators) were not concluded.	Progress Reports on the SMMEs Index Pilot Survey was not produced.	Consultations outcome report was not developed due to focus that was shifted to newly developed COVID-19 relief programmes that were designed to support SMMEs and Co-operatives to stay afloat.	The output was revised to replace "Framework established" with "Pilot Survey produced".
3. Reduced regulatory burdens for Small Enterprises.								
3.1. National Small Enterprise Act amended.	National Small Enterprise amended Act approved.	Target not Achieved: Amendment of the National Small Business Bill through legislative process not completed. Schedule 1 of the National Small Enterprises Act was gazetted on 15 March 2019. The position paper on Alternate Dispute Resolution has been finalised.	Target Achieved: The Depart Submitted Cabinet memorandum to the Minister on the consolidated proposed amendment of the National Small Enterprise bill (content) document.	Proposed Amendment Bill Submitted and taken through Parliamentary processes.	Not achieved: Consolidate contents and consult on amendments into draft bill was not done.	Proposed Amendment Bill Submitted and taken through Parliamentary processes was not done.	The contents were not consolidated due to the unavailability of legislation drafters.	The consultation processes were negatively affected by COVID-19 restrictions.

The above actual achievements reflect the Department's implementation of the 2020/21 quarter one milestones against the originally tabled 2020/21 Annual Performance Plan. It should therefore be noted that the deviation from the planned target to actual achievement may indicate severe underachievement for some of the targets due to the fact that actual achievement, which is for quarter one only, is reported against the annual target. It should further be understood that the advent of COVID-19 pandemic severely impacted on the implementation of the quarter one targets.

2.4.3.5. PROGRAMME THREE: INTEGRATED CO-OPERATIVES DEVELOPMENT PERFORMANCE AGAINST THE REVISED AND RE-TABLED 2020/21 ANNUAL PERFORMANCE PLAN THAT WAS NEVER IMPLEMENTED

Table 2.4.3.5.1: Programme Three: Outcome, output, output indicator, target and actual achievement

Programme Three: Integrated Co-operatives Development								
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators/ Annual Targets
1. Increased participation of SMMEs and Co-operatives in domestic and international markets.								
1.1. Product markets for SMMEs and Co-operatives Implemented.	Number of the Product markets for SMMEs and Co-operatives implemented.	N/A	Four (4) Product markets roll out plans for SMMEs and Co-operatives approved by ADDG in four provinces: <ul style="list-style-type: none"> • North West (Home industries and fashion) • Mpumalanga (Steel) • Limpopo (Agricultural) • Eastern Cape (Clothing). 	Two (2) Product markets for SMMEs and Co-operatives implemented.	N/A	N/A	N/A	The target was moved from the 2020/21 APP to the 2020/21 Operational Plan as Pop-Up Market target.

The above table reflects the Department's planned annual target for 2020/21 financial year that was part of the APP that was re-tabled but was never implemented. It should be noted that the target reflected above is the only one that was completely removed under programme three in the final re-tabled APP reported below.

2.4.3.6. PROGRAMME THREE: INTEGRATED CO-OPERATIVES DEVELOPMENT PERFORMANCE AGAINST THE FINAL RE-TABLED 2020/21 ANNUAL PERFORMANCE PLAN THAT WAS IMPLEMENTED FROM QUARTER TWO TO QUARTER FOUR

Table 2.4.3.6.1 Programme Three: Outcomes, outputs, output indicators, targets and actual achievements

Programme Three: Integrated Co-operatives Development							
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reason for deviations
1. Increased participation of SMMEs and Co-operatives in domestic and international markets.							
1.1. Increased products produced by SMMEs and Co-operatives.	Number of products produced by SMMEs and Co-operatives linked to market.	N/A	N/A	200 products produced by SMMEs and Co-operatives linked to market.	Achieved: 238 products produced by SMMEs and Co-operatives linked to market.	38 more products produced by SMMEs and Co-operatives linked to market.	Support from the Department's leadership negotiating with private sector to support the initiative of listing SMMEs as suppliers, and capacity from Department's business units to visit many wholesalers.
2. Increase Contribution of the priority sector to GDP.							
1.2. At least 2 000 women entrepreneurs supported to register on international platform.	Number of women-owned businesses supported to register on international platform.	N/A	N/A	2 000 women-owned businesses supported to register on international platform.	Not achieved: 1 015 women-owned businesses supported to register on international platform.	Underachievement by 985.	Stakeholder engagements conducted on the online platform. However, the number of actual women-owned businesses registered following these stakeholder engagements was significantly lower than the set target.

Programme Three: Integrated Co-operatives Development							
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reason for deviations
2.1. Creative Industries Masterplan submitted to Minister.	Submission to Minister on Creative Industries Masterplan approved by Accounting Officer.	N/A	N/A	Creative Industries Masterplan finalised and submitted to Minister.	Achieved: Creative Industries Masterplan finalised and submitted to Minister.	N/A	N/A
2.2. Approved National Integrated Small Enterprise Development Masterplan.	National Integrated Small Enterprise Development Masterplan approved by EXCO.	N/A	Target Not Achieved: Small Enterprise Development Masterplan Framework document developed and not approved by EXCO.	National Integrated Small Enterprise Development Masterplan approved by EXCO.	Achieved: National Integrated Small Enterprise Development Masterplan approved by EXCO.	N/A	N/A
2.3. Increase in contribution to jobs by SMMEs and Co-operatives in priority sectors.	Annual report on the contribution to jobs by SMMEs and Co-operatives in priority sectors approved by EXCO.	N/A	N/A	Annual Report on the contribution to jobs by SMMEs and Co-operatives in priority sectors approved by EXCO.	Achieved: Annual Report on the contribution to jobs by SMMEs and Co-operatives in priority sectors approved by EXCO.	N/A	N/A
3. Scaled-Up and coordinated support for SMMEs, Co-operatives, Village and Township Economies.							
3.1. National Small Enterprise Index Pilot Survey produced.	Number of progress reports on the SMMEs Index Pilot survey produced.	N/A	Target Achieved: Measurement Framework for the SMMEs index dimensions and indicators approved by EXCO.	Two (2) progress reports on the SMMEs Index Pilot Survey produced.	Achieved: Two (2) progress reports on the SMMEs Index Pilot Survey produced.	N/A	N/A

Programme Three: Integrated Co-operatives Development							
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reason for deviations
4. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.							
4.1. Co-operatives supported through non-financial and/or financial support programmes.	Co-operatives supported through non-financial and/or financial to the value of the R' million.	Target Not Achieved: 121 Co-operatives were supported financially through the CIS.	Target Not Achieved: Co-operatives supported to the value of the R85.7 million.	Co-operatives supported through non-financial and/or financial to the value of R50.7 million.	Not achieved: Co-operatives supported through non-financial and/or financial to the value of R31.1 million.	Under expenditure by R19.6 million.	From the allocated budget of R50.7 million, an amount of R9.3 million was transferred to BBSDP. Delays in submission of supporting documents by grant applicants led to the CIS underspending further by R10.3 million.

Programme Three: Integrated Co-operative Development set out to link 200 products, produced by SMMEs and Co-operatives, to the market; finalise the Creative Industries Masterplan and submit it to the Minister; ensure that the National Integrated Small Enterprise Development Masterplan is approved by EXCO; the Annual Report on the contribution to jobs by SMMEs and Co-operatives in priority sectors is approved by EXCO; and two progress reports on the SMMEs Index Pilot Survey are produced. The Programme achieved on all these five targets. The Programme, however, did not achieve on two of its seven annual targets: 2000 women-owned businesses registered on international platform; and Co-operatives supported through non-financial and/or financial to the value of R50.7 million.

The Programme was tasked with leading the development of the Creative Industries Masterplan, since creative industries were identified as one of the priority sectors with a potential to contribute to the growth of the GDP. The Programme worked collaboratively with the Departments of Sport, Arts and Culture; Communications and Digital Technologies; Tourism; and Trade, Industry and Competition to consult further on the draft Creative Industries Masterplan. The Creative Industries Masterplan was then updated and submitted to the Minister.

The approval and implementation of the Masterplans will ensure the delivery of integrated support interventions, aimed at promoting entrepreneurship and providing financial and non-financial support to qualifying small enterprises, with special focus on enterprises owned by women, youth and persons with disabilities.

The programme also held extensive consultations and stakeholder engagements with critical role-players within the small enterprise ecosystem such as the private sector represented by business associations for large, small, informal and Co-operatives structures, academia, research institutions, the Sector Education and Training Authorities (SETAs), non-profit organisation and other key stakeholders, on the draft National Small Enterprise Development Masterplan. The inputs from these stakeholders are significant given the need for the NISED Masterplan to be a responsive and guiding framework that will counteract the negative effects of the many socio-economic shocks, including the COVID-19 pandemic that has devastated the small business ecosystem. The National Integrated Small Enterprise Development Masterplan was subsequently approved by EXCO during the reporting period.

The programme embarked on a process of tracking and analysing the contribution to jobs by SMMEs and Co-operatives in priority sectors. The Annual Report on the contribution to jobs by SMMEs and Co-operatives in priority sectors, focused on the SMMEs and Co-operatives supported by the Department to ascertain their performance in different sectors. The report further presented an analysis of key StatsSA reports to understand the performance of SMMEs in the broader economy.

Two progress reports on the SMMEs Index Pilot Survey were produced. The survey responses were selected within the different districts in alignment to the District Development Model, using the data available to the DSBD.

2.4.3.1. Strategy to overcome under-performance

Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
2000 women owned businesses registered on SheTradeZA international platform.	985 women owned businesses were not registered on SheTradesZA international platform as planned in the 2020/21 financial year.	The Department will embark on a marketing drive and also target beneficiaries who are ready to export.
Co-operatives supported through non-financial and/or financial to the value of R50.7 million.	Underachievement of R 19.6 million.	The CIS Action Plan has been developed in response to outstanding provisions will be utilised to execute the processing of applications in the first two quarters of the 2021/22 financial year.

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

Not applicable to the Department.

2.4.3.3. Reporting on the Institutional Response to the COVID-19 Pandemic

Not applicable

2.4.3.4. Linking performance with budgets: Programme Three

Sub-Programme	2020/2021			2019/2020		
	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
Co-operatives Development	8 705	7 464	1 241	9 364	8 538	826
Cooperatives Programme Design and Support	60 158	43 118	17 040	105 305	99 303	6 002
Supplier Development and Market Access Support	13 469	13 456	13	12 359	11 756	603
Total	82 332	64 038	18 294	127 028	119 597	7 431

Annual expenditure for Programme Three: Integrated Co-operatives Development amounted to R64 million (77.8%) against the final appropriation of R82.3 million, resulting in an under-expenditure of R18.3 million (22.2%).

Delays in the assessment of approved applications for the outstanding provisions by Seda led to the CIS underspending by R10.3 million. A total CIS allocation was reduced by an amount of R45.8 million, which comprise of R23.5 million to the COVID-19 Emergency relief fund during the Special Adjustment Budget, a further R13 million was to the Department of Public Enterprise for SAA during the

Adjustment Budget process, as well as R9.3 million virement approval by National Treasury to move funds to BBSDP. Compensation of Employees underspent by R7.9 million due to vacancies.

The main cost drivers of expenditure in the Programme are Compensation of Employees at R30.4 million, Transfer and Subsidies at R31.3 million, and Goods and Services at R1.9 million. The drivers of expenditure on Goods and Services are travel and subsistence (R1.2 million), Communication (R572 thousand) and travel agency fees (R63 thousand).

2.4.4. PROGRAMME FOUR: ENTERPRISE DEVELOPMENT AND ENTREPRENEURSHIP

2.4.4.1. Purpose:

The purpose of the programme is to create an enabling environment for the development and growth of sustainable small businesses through the development and review of policy and legislation; design and piloting of support instruments; promotion of entrepreneurship; and facilitation of the development of small enterprises in township and rural areas.

2.4.4.2. Sub-programmes:

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

2.4.4.3. Institutional Outcomes:

- Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.
- Reduced regulatory burdens for Small Enterprises.



2.4.4.4. PROGRAMME FOUR: DEVELOPMENT FINANCE PERFORMANCE AGAINST THE ORIGINALLY TABLED 2020/21 ANNUAL PERFORMANCE PLAN

Table 2.4.4.4.1: Programme Four: Outcomes, outputs, output indicators, targets and actual achievements

Programme Four: Development Finance								
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators / Annual Targets
1. Expanded access to finance for SMMEs and Co-operatives through innovative service offerings.								
1.1. SMMEs funding Policy approved.	SMMEs funding Policy produced	N/A	N/A	SMMEs funding Policy approved.	Not Achieved: Consultations with key stakeholders not conducted.	SMMEs funding policy not approved.	The Department focused on mapping stakeholders to be consulted during the drafting of the SMMEs Funding Policy.	Co-operatives were incorporated into the target.
1.2. Competitive SMMEs and Co-operatives supported.	Report on the number of competitive SMMEs and Co-operatives supported.	N/A	N/A	Report on 40 000 competitive SMMEs and Co-operatives supported.	Not achieved: Report on the 10 000 competitive SMMEs and Co-operatives supported was not developed.	Report on 40 000 competitive SMMEs and Co-operatives supported was not developed.	Reporting mechanism was still being developed.	The annual target was revised in line with the budget cuts as well as the Department's reprioritisation of funds towards economic recovery interventions.
1.3. Township and Rural enterprises supported.	Number of Township and Rural enterprises supported.	N/A	N/A	100 000 Township and Rural enterprises supported.	Not achieved: 25 000 Township and Rural enterprises were not supported.	100 000 Township and Rural enterprises not supported.	The SMME Support Plan was only approved by Cabinet and capacitated through the Township Enterprise Fund at a time when the support needed to be diverted to the COVID-19 Relief programmes.	The number of Township and Rural enterprises supported was reduced due to budget reprioritisation.

Programme Four: Development Finance								
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators / Annual Targets
1.4. Blended Finance Programme implemented.	Number of SMMEs and Co-operatives supported through blended finance programme.	N/A	Target Not Achieved: SMMEs and Co-operatives supported through Blended Finance to the value of R80 million, which was transferred to sefa for implementation.	100 SMMEs and Co-operatives supported through blended finance programme.	Not achieved: 25 SMMEs and Co-operatives supported through blended finance programme was not achieved.	100 SMMEs and Co-operatives supported through blended finance programme was not achieved.	Focus was shifted to newly developed COVID-19 relief programmes that were designed to support SMMEs and Co-operatives to stay afloat.	Funds were redirected to sefa for implementation, and as such the target is no longer in the Department's APP.
1.5. SMMEs in the craft sector supported through customised sector programme.	Number of Crafters supported through the Craft Customised Sector Programme.	N/A	Target Achieved 2 535 Crafters supported through the Craft Customised Sector Programme.	700 Crafters supported through the Craft Customised Sector Programme.	Not achieved: Approved Business Plans from Craft Hubs / Agencies were not produced.	700 Crafters were not supported through the Craft Customised Sector Programme.	There were delays in the issuing of the call out and receipt of business plans due to a focus on implementing COVID-19 response interventions.	
1.6. Co-operatives supported through financial and non-financial support programmes.	Number of Co-operatives supported through financial and non-financial programmes.	Target Not Achieved 121 Co-operatives supported financially through the CIS.	Target Not Achieved: Co-operatives supported to the value of the R85.7 million.	1000 Co-operatives supported through Financial and non-financial programme.	Not achieved: 250 Co-operatives were not supported through non-financial and financial programme.	1000 Co-operatives were not supported through financial and non-financial programme.	Focus was shifted to newly developed COVID-19 relief programmes that were designed to support SMMEs and Co-operatives to stay afloat.	The annual target was revised to measure the support in monetary terms than the numerical value of Co-operatives supported.

Programme Four: Development Finance								
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators / Annual Targets
1.7. Majority black-owned SMMEs supported through BBSDP.	Number of majority black-owned SMMEs supported through BBSDP.	Target Not Achieved: 505 black SMMEs were supported through the BBSDP.	Target Not Achieved: SMMEs supported through the BBSDP to the value of R111 million.	700 Majority black-owned SMMEs supported through BBSDP.	Not achieved: 7 majority black-owned SMMEs supported through BBSDP.	693 Majority black-owned SMMEs not supported through the BBSDP.	Focus was shifted to newly developed COVID-19 relief programmes that were designed to support SMMEs and Co-operatives to stay afloat.	Target removed. Budget re-prioritised for COVID-19 response.
1.8. Informal businesses supported through the IMEDP.	Number of Informal businesses supported through the IMEDP.	Target Achieved: 1 922 Informal businesses were supported through the IMEDP.	Target Achieved 3 524 Informal Business supported through the IMEDP.	150 000 Informal businesses supported through the IMEDP.	Not achieved: 37 500 informal businesses supported through the IMEDP target was not achieved.	150 000 Informal Businesses were not supported through the IMEDP.	Focus was shifted to newly developed COVID-19 relief programmes that were designed to support SMMEs and Co-operatives to stay afloat.	Target was incorporated into the Township and Rural Enterprises target.
2. Designed and implemented responsive targeted financial and non-financial support programmes to new and existing SMMEs and Co-operatives.								
2.1. Businesses in distress supported.	Number of reports reflecting % disbursement of the funds set-aside for the businesses in distress.	N/A	N/A	Report reflecting 100% disbursement of the funds set-aside for the businesses in distress.	Not achieved: Report reflecting 25% disbursement of the funds set-aside for the businesses in distress was not developed.	Report reflecting 100% disbursement of the funds set-aside for the businesses in distress was not developed.	Focus was shifted to newly developed COVID-19 relief programmes that were designed to support SMMEs and Co-operatives to stay afloat.	Target was incorporated into the business viability programme, implemented through sefa.

The above actual achievements reflect the Department's implementation of the 2020/21 quarter one milestones against the originally tabled 2020/21 Annual Performance Plan. It should therefore be noted that the deviation from the planned target to actual achievement may indicate severe underachievement for some of the targets due to the fact that actual achievement, which is for quarter one only, is reported against the annual target. It should further be understood that the advent of COVID-19 pandemic severely impacted on the implementation of the quarter one targets.

2.4.4.5. PROGRAMME FOUR: ENTERPRISE DEVELOPMENT AND ENTREPRENEURSHIP PERFORMANCE AGAINST THE REVISED AND RE-TABLED 2020/21 ANNUAL PERFORMANCE PLAN THAT WAS NEVER IMPLEMENTED

Table 2.4.4.5.1: Programme Three: Outcomes, outputs, output indicators, targets and actual achievements

Programme Four: Enterprise Development and Entrepreneurship								
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reason for deviations	Reasons for revisions to the Outputs/ Output indicators / Annual Targets
1. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.								
1.1. Competitive SMMEs and Co-operatives supported.	Report on the number of competitive SMMEs and Co-operatives supported.	N/A	N/A	Report on 15 000 competitive SMMEs and Co-operatives supported.	N/A	N/A	N/A	The annual target was revised in line with the budget cuts as well as the Department's reprioritisation of funds towards economic recovery interventions.
1.2. Township and Rural enterprises supported through Township Entrepreneurship Fund.	Number of Township and Rural enterprises supported through Township Entrepreneurship Fund.	N/A	N/A	28 000 Township and Rural enterprises Supported through Township Entrepreneurship Fund.	N/A	N/A	N/A	The annual target was revised to focus on both financial and non-financial support.

The above table reflects the Department's planned annual targets for 2020/21 financial year that were part of the APP that was re-tabled but was never implemented. It should be noted that, as per the guidance that was received from the DPME, the targets reflected above are only those that were amended in the final re-tabled APP reported below.

2.4.4.6. PROGRAMME FOUR: ENTERPRISE DEVELOPMENT AND ENTREPRENEURSHIP PERFORMANCE AGAINST THE FINAL RE-TABLED 2020/21 ANNUAL PERFORMANCE PLAN THAT WAS IMPLEMENTED FROM QUARTER TWO TO QUARTER FOUR

Table 2.4.4.6.1 Programme Four: Outcomes, outputs, output indicators, targets, and actual achievements

Programme Four: Enterprise Development and Entrepreneurship							
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for deviations
1. Expanded access to financial and non-financial support and implemented responsive programmes to new and existing SMMEs and Co-operatives.							
1.1. Competitive SMMEs and Co-operatives supported.	Report on the number of competitive SMMEs and Co-operatives supported approved by EXCO.	N/A	N/A	Consolidated report on the 2 000 competitive SMMEs and Co-operatives supported approved by EXCO.	Achieved: Consolidated report on the 2 000 competitive SMMEs and Cooperatives supported approved by EXCO.	Over achievement of 31 704.	The report considers the SMMEs, and Cooperatives assisted across the DSBD portfolio which includes the agencies.
1.2. Township and Rural Enterprises supported.	Number of Township and Rural Enterprises supported financially and/or non-financially.	N/A	N/A	28 000 Township and Rural Enterprises supported financially and/or non-financially.	Target not achieved: 13 987 Township and Rural Enterprises supported financially and/or non-financially.	Under achievement of 14 013.	The TREP target was not achieved. The criteria requirements to qualify hampered the process - the term sheets have been amended to improve the process.
1.3. SMMEs and Co-operatives in the Craft sector supported through Customised Sector Programme.	Number of Crafters supported through the Craft Customised Sector Programme.	N/A	Target Achieved: 2 535 Crafters supported through the Craft Customised Sector Programme.	700 Crafters supported through the Craft Customised Sector Programme.	Achieved: 726 Crafters supported through the Craft Customised Sector Programme	26 more crafters were supported through the Craft Customised Sector Programme	An additional 26 businesses were assisted through the programme to cover all valid applications received.

Programme Four: Enterprise Development and Entrepreneurship							
Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for deviations
2. Reduced regulatory burdens for Small Enterprises.							
2.1. Districts in a province assisted with EODB Pilot Administrative Simplification Programme for SMMEs and Co-operatives – Baseline.	Number of districts in a province assisted with EODB Pilot Administrative Simplification Programme for SMMEs and Co-operatives – Baseline.	Target Achieved: 30 Municipalities were assisted to roll out the RTRP, namely: <ul style="list-style-type: none"> • Lesedi Local Municipality • Merafong Local Municipality • Sedibeng District • Midvaal Municipality • Emfuleni Municipality • Nketoana Local Municipality • 5 District Municipalities and 18 Local Municipalities in the Free State • Moses Kotane Municipality in North West. 	Target achieved: Red-Tape Reduction Awareness Programme rolled out in 33 municipalities.	Two (2) Districts in a province assisted with EODB Pilot Administrative Simplification Programme for SMMEs and Co-operatives – Baseline.	Achieved: Three (3) Districts in a province assisted with EODB Pilot Administrative Simplification Programme for SMMEs and Co-operatives – Baseline.	Additional one (1) District in a province assisted with EODB Pilot Administrative Simplification Programme for SMMEs and Co-operatives – Baseline.	A third municipality was added due to a dire need that was determined while the Department was implementing the project.

Programme Four: Enterprise Development and Entrepreneurship achieved on three of its four annual targets. The consolidated report on the 2 000 competitive SMMEs and Co-operatives supported was approved by EXCO. The Programme supported 726 crafters, against the planned 700, through the Craft Customised Support Programme in partnership with the Department of Sports, Arts and Culture.

Three Districts in KwaZulu-Natal (KZN) were assisted on ease of doing business through the Pilot Administrative Simplification Programme (PASP). The intervention was implemented in partnership with the KZN Economic Development, Tourism and Environmental Affairs (EDTEA), the KZN South African Local Government Association (SALGA) and the KZN Co-operative Governance and Traditional Affairs

(COGTA).

In an effort to resuscitate township economies, the Department has conceptualised and developed a specific programme focusing on township and rural enterprises called the Township and Rural Entrepreneurship Programme (TREP). The TREP interventions focused on providing support to enterprises owned by Women, Youth and Persons with Disabilities that operate in townships and rural areas. The Programme, however, under-achieved in the target in which 28 000 Township and Rural enterprises were to be supported financially and/or non-financially. The Township and Rural Enterprises supported financially and/or non-financially was the only target not achieved under Programme Four.

2.4.4.7. Strategy to overcome under-performance

Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
28 000 Township and Rural Enterprises Supported financially and/or non-financially	Under achievement of 14 013	The criteria requirements to qualify hampered the process - the term sheets have been amended to improve the process going forward.


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

Not Applicable to the Department.

2.4.4.9. Reporting on the Institutional Response to the COVID-19 Pandemic

Table: 2.4.4.8.1: Progress on Institutional Response to the COVID-19 Pandemic

Budget Programme	Intervention	Geographic location (Province/ District/ Local Municipality) (where possible)	No. of beneficiaries (where possible)	Disaggregation of beneficiaries (where possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
Township and Rural Entrepreneurship Programme (TREP)	<p>TREP is a dedicated programme to transform and integrate opportunities in townships and rural areas into productive business ventures, which aims to create a conducive environment for township and rural enterprises to thrive - providing financial and non-financial support to qualifying small enterprises.</p> <p>The DSBD is reporting against the Spaza Shop Support Programme only.</p>	Provinces District municipalities Local municipalities.	5 276 Spaza Shop Support Programme approvals were concluded by DSBD.	Township and Rural businesses. Women, Youth and Persons with Disabilities.	Spaza Shop Support Programme: R 175 million	R 18 466 000 (sefa executed the payment).	28 000 Township and Rural Enterprises financially and/or non-financially.	Support to enterprises in the townships and rural areas through TREP.



Sub-Programme	2020/2021			2019/2020		
	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 and Supplier Development	2 010 027	2 009 831	196	1 783 177	1 782 845	332
SMMEs Programme Design and Support	54 768	50 081	4 687	209 742	190 445	19 297
Entrepreneurship	867	527	340	3 509	604	2 905
Total	2 065 662	2 060 438	5 224	1 996 428	1 973 894	22 534

2.4.4.10 Linking performance with budgets: Programme Four

Annual expenditure for Programme Four: Enterprise Development and Entrepreneurship amounted to R2.060 billion (99.7%) against the final appropriation of R2.066 billion, resulting in an under-expenditure of R5.2 million (0.3%).

Transfer payments underspent by R2.1 million (2%) against final appropriation of R2.032 billion due to BBSDP non-compliant claims. Compensation of Employees underspent by R2.7 million due to vacancies and Goods and Services underspent by R61 thousand.

The main cost drivers for expenditure in the Programme are Transfers and Subsidies at R2.030 billion, Compensation of Employees at R28.6 million, as well as Goods and Services at R1.4 million. The drivers of expenditure in Goods and Services are travel and subsistence (R822 thousand), Communication (R359 thousand), Advertising (R70 thousand) and Administration fees (R51 thousand).

2.5. TRANSFER PAYMENTS

2.5.1. Transfer payments to Public Entities

Name of Public Entity	Key outputs of the public entity	Amount transferred to the public entity R'000	Amount spent by the public entity	Achievements of the public entity
Seda	<ul style="list-style-type: none"> Business registrations; Business planning; Business advice counselling and training; Facilitation of access to finance; Facilitation of access to markets; Co-operative support; Business Incubation; and Targeted small enterprise training 	650 005	Accounted for in the Seda 2020/21 Annual Report.	Accounted for in the Seda 2020/21 Annual Report.
Seda	Technology Programme Access to technology	158 408	Accounted for in the Seda 2020/21 Annual Report.	Accounted for in the Seda 2020/21 Annual Report.
Seda	Capacity-building programme for Economic Development Provision of technical capacity and skills development	16 065	Accounted for in the Seda 2020/21 Annual Report.	Accounted for in the Seda 2020/21 Annual Report.
sefa	Township and Rural Entrepreneurship Fund And COVID-19 – emergency fund	1 154 500	Accounted for in the sefa 2020/21 Annual Report.	Accounted for in the sefa 2020/21 Annual Report.
sefa	Blended Finance	11 000	Accounted for in the sefa 2020/21 Annual Report.	Accounted for in the sefa 2020/21 Annual Report.

2.5.2. Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2020 to 31 March 2021

Name of Transferee	Type of organisation	Purpose for which the funds were used	Did the department comply with s38(1)(j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity (R'000)	Reasons for funds unspent by the entity
Gauteng Tourism Authority (GTA)	Provincial Agency	COVID-19 relief fund	Yes	2 476	1 665	GTA had good uptake of applications and approvals. There were some appeals of which a request to complete and conclude the process in the new financial year, 2021/22, was granted by the DSBD Secretariat in order to complete the allocated budget. GTA has a 90% success rate.



Name of Transferee	Type of organisation	Purpose for which the funds were used	Did the department comply with s38(1)(j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity (R'000)	Reasons for funds unspent by the entity
Limpopo Economic Development Agency (LEDA)	Provincial Agency	COVID-19 relief fund	Yes	2 476	1 010	In January 2021 and February 2021, LEDA had a lengthy internal audit process which impacted negatively on the implementation of the programme. This administration challenge resulted in DSBD intervening in efforts of assisting LEDA to expedite the process which fortunately achieved the desired results of resuming with making disbursements and concluding other key approval processes. It should however be noted that unfortunately many of the payments were only concluded after 31 March 2021. LEDA has a 40% success rate.
Free State Development Corporation (FSDC)	Provincial Agency	COVID-19 relief fund	Yes	2 476	1 490	FSDC had a good uptake with received applications and approvals. There were some appeals of which a request to complete and conclude the process in the new financial year, 2021/22, was granted by the DSBD Secretariat in order to complete the allocated budget. FSDC has a 90% success rate.
Northern Cape Economic Development Agency (NCEDA)	Provincial Agency	COVID-19 relief fund	Yes	2 476	2 150	NCEDA had a good uptake with received applications and approvals as well as resolving appeals, of which a request to complete and conclude the process during 2021/22 financial year was granted by the Secretariat. The agency has a 99% success rate.
Cape Craft and Design Institute (CCDI)	Provincial Agency	COVID-19 relief fund	Yes	1 238	1 238	CCDI had a good uptake with received applications and approvals as well as resolving appeals, of which a request to complete and conclude the process during 2021/22 financial year was granted by the Secretariat. Furthermore, CCDI was granted permission and approval by DSBD to assist in processing funds of provinces that underspent namely TIKZN and MEGA. Including supporting GTA with additional approved qualifying applicants to support. CCDI has a 100% success rate.

All transfer payments budgeted for were transferred except for the unspent funds in BBSDP and CIS that have closing balances. The beneficiaries cannot be listed as transfers are processed as and when a complete set of applications are received.

2.6. CONDITIONAL GRANTS

N/A

2.7. DONOR FUNDS

Donor Funds Received

The “Employment Promotion through SMMEs Support Programme”, known as Ecosystem Development for Small Enterprises (EDSE) Programme, is a 5-year programme funded by the European Union through the Reconstruction and Develop Programme (RDP) Fund which is under National Treasury. A total of €56.200 million has been allocated to the programme, €41.150 million of which is allocated to

Budget Support and has been allocated to various projects aligned to the Key Result Areas of the programme aimed at addressing critical constraints holding back SMMEs. For the period 1 April 2020 to 31 March 2021, DSBD received donor funds amounting to R341.3 million as apportioned on the table below:

Name of donor	The Employment Promotion through SMME Support Programme
Full amount of the funding (R'000)	341 279
Period of the commitment	24 July 2017 to 23 October 2022
Purpose of the funding	To support inclusive and sustainable economic growth and employment creation in South Africa
Expected outputs	Reduce official unemployment
Actual outputs achieved	<ol style="list-style-type: none"> 1. ICT system clarification, consolidation, and alignment for the SMME sector – www.smme.gov.za as the main portal and District Information Management System (DIMS) a supporting/flipside system. ICT systems for this sector are linked and aligned to these systems. 2. Personal Protective Equipment (PPE) Cluster pilot underway. 3. 4IR Incubators in establishment phase and Mpumalanga ready to launch. 4. Growth garage model piloted, revised Enterprise Supplier Development (ESD) model supporting DSBD localization approach underway. 5. Partnerships are in place to support programme implementation and promote (1) inter-governmental co-operation; and (2) collaborative working arrangements in support of the SMME sector. 6. sefa and Seda collaborating on the ESD and Innovation Fund (IF) funds as well as the Business Viability (BV) and other funds available from the programme to ensure funding and support are available and provided together to SMMEs. 7. SheTradesZA platform in place and ready to mobilise support for Women-owned SMMEs.
Amount received (R'000)	R341 279 allocated as per below
Amount transferred and spent by the Department (R'000)	Amount transferred to sefa : R300 000; sefa to report on amount spent in own annual report.
	Amount received by DSBD: R5 675 and amount spent by DSBD: R441
	Amount transferred to Seda: R18 420; Seda to report on the amount spent in own annual report
	Amount received for Dept of Agriculture, Land Reform and Rural Development but surrendered back to NT: R17 184
Reasons for the funds unspent	The changes in the programme and resultant approvals required prior to implementation, have delayed the implementation of the Budget support component of the programme.
Monitoring mechanism by the donor	Financial, progress and audit reports

2.8. CAPITAL INVESTMENT

Capital investment, maintenance and asset management plan

The asset holding has changed over the period under review: The DSBD closed the year with 1 305 worth R20 807 223.31, comprising of 773 capital assets worth R19 443 549.32 million, and 532 minor assets worth R1 363 673.99 million. The Department disposed of 53 Major Assets worth R 2 928 127.97 and 11 Minor Assets worth R 34 295.85.

The Department's replacement plan mainly focuses on computer-related assets that are replaced after four (4) years or warranty period has lapsed or are damaged beyond repair. Resources permitting as furniture and other infrastructure is currently provided by **the dtic**, the landlord.

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

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

Monthly asset reconciliations were compiled and approved

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

For the period under review, the state of both major and minor assets (1 305) is as follows:

Good: 1 240 (95%);

Fair: 57 (4.4%); and

Poor: 8 (0.6%).

- Major maintenance projects that have been undertaken during the period under review: None.
- Progress made in addressing the maintenance backlog during the period under review, for example, has the backlog grown or become smaller? Is the rate of progress according to plan? If not, why not, and what measures were taken to keep on track: Not Applicable, DSBD is subletting from **the dtic** and the building is maintained by the landlord.

Infrastructure projects	2020/21			2019/20		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
New and replacement assets- computer equipment	1 909	1 518	391	1 457	1 360	97
Existing infrastructure assets	N/A	N/A	N/A	N/A	N/A	N/A
- Upgrades and additions						
Rehabilitation, renovations and refurbishments						
Maintenance and repairs						
Infrastructure transfer						
Current						
Capital						
Total	1 909	1 518	391	1 457	1 360	97



PART C

GOVERNANCE



3. PART C: GOVERNANCE

3.1 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 year under review. 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, and Broad-based Black Economic Empowerment (B-BBEE) Compliance Performance Information.

3.2 RISK MANAGEMENT

The Department has an approved Risk Management Policy and Strategy. The Department reviewed and approved the 2021/22 Risk and Ethics Management Implementation Plan.

The Department did not have an Audit and Risk Committee for the most part of the 2020/21 financial year. However, the Risk and Ethics Management Committee continued to provide instructive advice on risk and ethics management related matters. The Audit and Risk Committee (ARC) assesses the effectiveness of risk management processes and programmes throughout the organisation. ARC also provides advice on risk and ethics management-related matters.

There are also human resources capacity challenges within the area of Risk and Ethics Management. In trying to alleviate this challenge, a Risk Officer has been appointed on a contract basis.

3.3 FRAUD AND CORRUPTION

The Department has a Fraud Prevention, Anti-Corruption, and Whistle-Blowing Implementation Plan. The Whistle-Blowing Policy was approved during the period under review. There were two fraud cases reported, investigated and concluded during the year under review.

The Whistle-Blowing Policy is in place to assist employees on how to report any fraudulent activities. The Department has established a facility to report fraudulent activities through the National Anti-Corruption Hotline (0800 701 701).

3.4 MINIMISING CONFLICT OF INTEREST

Interests are disclosed on an annual basis via the eDisclosure system, in terms of the Public Service Regulations, as amended. The employees are informed when a conflict of interest is identified before submission to the Public Service Commission. The Department verifies ownership of companies on the Central Supplier Database and the Company and Intellectual Property Commission and lastly, determines State employment against the Department of Public Service and Administration (DPSA). These measures assist in detecting cover quoting and doing business with the State by public servants. From the Bid Committees' perspective members are requested, through the attendance register, to declare any conflict of interest where any exists. Where it is disclosed/ detected, members are requested to recuse themselves from the proceedings.

3.5 CODE OF CONDUCT

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

3.6 HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

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

The year under review required of the Committee to actively participate in implementing measures in the workplace to prevent the spread of the coronavirus. These interventions included, amongst others, continued communication of relevant protocols to employees and the provisioning of protective clothing. Mechanisms were put in place to monitor the impact on the Health and Safety of employees and to allow for early detection and corrective action where required. The Accounting Officer appointed a Compliance Officer in line with the COVID-19 regulations and additional human resources were deployed to ensure that the Department fully complies to all COVID-19 regulations.

3.7 PORTFOLIO COMMITTEES

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

Business Development, Tourism, Employment and Labour. The Committees convened joint meetings for the most part of the 2020/21 financial year. The meetings were scheduled as follows:

DATE	AGENDA
15 April 2020	Briefings on 2019/20 performance of the Department of Small Business Development by: <ul style="list-style-type: none"> • Auditor-General of South Africa. • Fiscal & Financial Commission. • The Department of Public Service & Administration. • The Department of Performance, Monitoring & Evaluation.
22 April 2020	Briefings in a Joint Sitting on the Strategic Plans, 2020/21 Annual Performance Plans and Budgets by: <ul style="list-style-type: none"> • The Department of Small Business Development; • The Small Enterprise Development Agency; and • The Small Enterprise Finance Agency.
28 April 2020	Support interventions to small business during COVID-19 lockdown update.
06 May 2020	Consideration and adoption of 2020/21 Budget Vote Report.
13 May 2020	Briefing on Small Business Innovation Fund by Small Enterprise Finance Agency.
20 May 2020	Briefing on SA SME CEO FUND by the National Treasury.
27 May 2020	Briefing on 2019/20 Quarter Four Performance Report by the Department of Small Business Development and entities.
03 June 2020	DSBD on: SMMEs in distress; COVID-19 intervention measures; funding for SMMEs; with Deputy Minister.
15 July 2020	Briefing on revised Annual Performance Plans and Budgets by DSBD, sefa and Seda.
05 August 2020	Business Partners: Progress Report on the Response to the COVID-19 Epidemic with Special Focus on the Sukuma Relief Programme, Lending Model and Partnership with Small Enterprise Finance Agency. Phakamani Foundation: The Role of the Foundation in Easing Access to Finance for Small Enterprises and Partnership with Small Enterprise Finance Agency. Small Enterprise Foundation: SEF Approaches to Small Enterprise and Entrepreneurship Financing and Partnership with Small Enterprise Finance Agency.
12 August 2020	Briefing by sefa Wholesale Intermediaries on their Credit Lending Models to Small Enterprises.
19 August 2020	Briefing by the Banking Association of South Africa on the COVID-19 Loan Guarantee Scheme. Briefing by the Department of Small Business Development: The National Funding Policy. Briefing by Co-operatives Banks Development Agency on the Integration of its Programmes with the Department of Small Business Development, and the Agency's Role in Assisting Co-operative Financial Institutions and Co-operative Banks.
26 August 2020	Briefings by Small Enterprise Development Agency Beneficiary Incubators (Presentations to incorporate, among others, background, what they do, economic sector, contribution to economic activity, number of incubatees assisted to date, number of jobs created by incubatees, challenges and opportunities.
02 September 2020	Briefing by the Department of Small Business Development and its entities on their 2020/21 Quarter One Performance Report.
21 October 2020	Briefing by Development Microfinance Association on its mandate, work, challenges in working with small enterprises and its response to COVID-19 pandemic period.
28 October 2020	Briefing on Market Access Opportunities in response to COVID-19 Pandemic by the Department of Small Business Development.
03 November 2020	Briefing by the Department of Small Business Development on support to entrepreneurs with disabilities.



DATE	AGENDA
04 November 2020	Briefing on 2020/21 Quarter 2 Performance Report by the Department of Small Business Development and its entities. Action Plan on Auditor-General's Findings & Recommendations.
11 November 2020	Briefing by the Department of Public Service and Administration on the Strategic Plan and Structure of the Department of Small Business Development. Briefing by the Department of Planning, Monitoring & Evaluation on the 2019/20 Annual Performance of the Department of Small Business Development.
18 November 2020	Briefings by the Small Enterprise Development Agency (Seda) on its 2019/20 Annual Performance Report. Briefings by the Small Enterprise Finance Agency (sefa) on its 2019/20 Annual Performance Report.
25 November 2020	Consideration and adoption of the 2020 Budget Review and Recommendations Report.
16 February 2021	Briefing by the Department of Small Business Development on its 2019/20 Annual Report.
24 February 2021	Briefing and deliberations on analysis of the State of the Nation (SONA) address on issues for Small, Medium & Micro Enterprises (SMMEs) in the Department of Small Business Development.
03 March 2021	Briefing on 2020/21 Quarter Two Performance Report by the Department of Small Business Development; Small Enterprise Finance Agency (sefa) and Small Enterprise Development Agency (Seda).
10 March 2021	Briefing on 2020/21 Quarter Three Performance Reports by the Department of Small Business Development; Small Enterprise Finance Agency (sefa) and Small Enterprise Development Agency (Seda).
17 March 2021	Virtual Oversight on enterprises benefited from the COVID-19 Relief Fund.

Matters raised by the Portfolio Committee on Small Business Development and Select Committee on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour:

- 1.1 The Portfolio Committee noted that the absence of a permanent Director General may handicap the Department in fulfilling its mandate. Filling the post of an Accounting Officer is critical and should be expedited ideally before the end of 2020/21 financial year, including other senior posts i.e. Deputy Director-General and Chief Directors.
- 1.2 The Committee noted that the filling of vacant posts is reliant on a successful finalisation of the organisational structure. Accordingly, the Departments of Small Business Development and Public Service and Administration ("DPSA") were urged to cordially conclude this matter, preferably before the end of the 2020/21 financial year.
- 1.3 During the 2019 Budget Review and Recommendations Report (BRRR) process, the issue of financial intermediaries (not properly registered, licensed and regulated) being used by sefa was raised sharply by members of the Committee and flagged by the Financial and Fiscal Commission as increasing the

cost of capital for struggling small enterprises. The viewpoint of the Portfolio Committee was that sefa should consider insourcing wholesale lending facility, alternatively, consider auxiliary approaches to lending money to its clients e.g. giving priority to financial institutions regulated by the South African Reserve Bank (Prudential Authority and Financial Sector Conduct Authority) and National Credit Regulator.

- 1.4 While significant improvement in adherence to the Black Business Supplier Development Programme (BBSDP), Co-operative Incentive Scheme (CIS) and National Information Business Upliftment Strategy (NIBUS) guidelines were noted in the 2019/20 financial year, some instances of non-compliance were still noted as well. The most glaring weakness was the absence of post-funding visits across the schemes. According to Auditor General, "the Department exposes itself to not achieving against its core mandate if the post-funding visits are not undertaken to ensure small businesses were positively impacted by the efforts of the Department". The Department must thus ensure that the guidelines for the different incentive schemes are revised to ensure that they are aligned to the objectives of the scheme and are not susceptible to abuse.

- 1.5 The management, and/or, Bid Adjudication Committee (BAC) must ensure strict adherence to the guidelines and Standard Operating Procedures ("SOP") of incentive schemes. The responsibility for ensuring compliance with guidelines and SOP should be clearly allocated and responsible officials should be held accountable for any non-compliance. Automating application and approval processes must be expedited in order to partly reduce non-compliance and improve efficiency. The Portfolio Committee should be informed quarterly concerning the progress attained.
- 1.6 Management or responsible officials have an obligation to conduct site visits to beneficiaries in order to verify if goods and services are/were actually delivered/received through pre-and post-site visits. Owing to Seda geographic footprint the agency could be utilised for this purpose.
- 1.7 The tenacious skewed distribution of funds and resources observed in all quarterly reports in favour of Gauteng and KwaZulu-Natal at the expense of other struggling provinces like Northern Cape and North West necessitates urgent attention. Historical inequities exist between provinces as well as between districts within each province. Remedial measures could include, amongst others, equitable allocation of resources per provinces and districts.
- 1.8 For the past 11 months, the Department has been without the Audit Committee. The existence of an Audit Committee in South African national government departments is not only a legal requirement, these committees perform certain activities as an additional layer of accountability instrument to the departments. The Department must accordingly appoint members of the Audit Committee before 31 March 2021.
- 1.9 The audit opinion of the Department has remained unchanged for the past four years. According to the Auditor General, "the main obstacles preventing the department from obtaining a clean audit outcome remains the quality of submitted annual performance reports". The Portfolio Committee implores the Department to pay special focus in this particular area and ensure that internal audit is properly capacitated with competent personnel.
- 1.10 The Portfolio Committee has noted AG forewarnings that Management (accounting officers/ authorities

and senior management) do not respond timeously and with the required urgency in addressing risks and improving internal controls. The Committee is calling on the Department to act swiftly in dealing and implementing AG recommendations. In line with the AG recommendation to the Committee, all DSBD, Seda and sefa quarterly reports must provide feedback on the implementation and progress of action plans to ensure improvement in the audit outcomes of the portfolio.

Department responses to the matters raised:

- 1.11 The recruitment of the DG post is underway, interviews were held on 10 December 2020. The process towards Cabinet approval is underway. The Director Communication and Marketing post has been filled with effect from 1 December 2020. The vacant Chief Director and Director posts were advertised, the process to fill the posts is underway. The DDG posts will be advertised as soon as the organisational structure is concurred by Minister of Public Service and Administration (MPSA).
- 1.12 The organisational structure has been consulted with the Minister of Finance. The major challenge is budget availability to fund the whole structure during the MTEF period causing complications in the issuing of supporting letter by the National Treasury, which is the condition for submission to MPSA. Once the letter from National Treasury is received, the organisational structure will be submitted to MPSA for consultation and concurrence. It is hoped that the submission will still be done in the 2020/2021 financial year, subject to the letter from National Treasury being received.
- 1.13 A standard contractual obligation is that all sefa's financial intermediaries must register with the applicable financial regulatory authority, such as the National Credit Regulator, and must comply with the provisions of the relevant legislation unless a written exemption is provided by the relevant regulatory authority. Exemption by the National Credit Regulator is granted when a Retail Financial Intermediary's operation fall outside the ambit of the National Credit Act, and sefa seldom receives such applications. All currently sefa-funded MFIs are registered with the National Credit Regulator and charge interest rates within the prescribed range by the National Credit



Act. sefa prescribes the maximum interest rate the RFIs can charge through its Committee credit sanctioning process. This ensures that developmental benefit of sefa's concessionary funding is passed on to the end-user client.

- 1.14 On ensuring that Incentive Schemes are not susceptible to abuse.

1.14.1 Informal Micro-Enterprise Development Programme (IMEDP) and the Shared Economic Infrastructure Facility (SEIF):

Officials are to adhere to what is included in the Department's guidelines. Line Management will review the applicant files to ensure that all the required documents have been submitted and functions will be clearly outlined in the performance agreement of each official. Monthly reports will be submitted for discussion at branch meetings. This is already underway.

1.14.2 Black Business Supplier Development Programme (BBSDP):

The BBSDP Programme has been officially discontinued since the 2020/21 financial year and replaced with Blended Finance administered through **sefa**. Only a handful of applications are being finalised by the DSBD through the implementation of an action plan that has been developed in line with the guidelines. The Department's agencies, Seda and **sefa**, assist with the post-investment monitoring. All payments are guided by the contingent liability schedule which is informed by the monthly BAS reports. This is work in progress.

1.14.3 Cooperatives Incentives Scheme (CIS):

A list of all CIS fully-paid applications was compiled and submitted to Seda for post-investment support (i.e. verification and/or implementation of paid activities). This is because of capacity constraints within the DSBD CIS unit. The expected outcome is a comprehensive post-disbursement report from Seda. Line Management reviews and signs off all complete application files prior and post-CIS adjudication. All Claim files submitted to Finance were verified and signed off by relevant line managers prior to authorisation by unit manager. The applicable files are also being reviewed and signed off pre-adjudication. The practice is that all application files must be reviewed for completeness during the CIS Technical meeting(s). This is work in progress. Seda will assist with the post-investment monitoring.

- 1.15 The DSBD management ensures that officials adhere to what is entailed in the Department's guidelines and SOPs. Applications are now submitted to the Department via SMMESEA database: <https://smmesa.gov.za/>

- 1.16 The agencies Seda and **sefa** assists the Department with post-investment monitoring. **sefa's** post-investment monitoring division conducts regular site visits to beneficiary clients to ensure that **sefa** loans are utilised for the purposes stated in the applications and agreements with **sefa**. Furthermore, **sefa** has contractual conditions in the lending agreements with regard to the utilisation of the loaned amounts.

- 1.17 As part of the SMME Support Plan that the Department developed, the interventions have been distributed amongst provinces and district targets to ensure that there is an equitable allocation of resources across all interventions.

- 1.18 The recruitment process of the Audit and Risk Committee members is underway.

- 1.19 Additional resources have been redirected towards the auditing of performance information. Also, in its Audit Plan, Internal Audit has included the review of performance indicators and targets to ensure consistency and adequate reporting in the quarterly reports, as well as key strategic planning documents that include Strategic Plan, Annual Performance Plan, Service Delivery Improvement Plan, Annual Report, and the Strategic Planning, Monitoring and Reporting Framework and Standard Operating Procedure (SOP). This collaboration between Internal Audit and the Strategy unit will assist in improving the audit outcome.

- 1.20 Progress on the implementation of controls by management where recurring findings are made by the AGSA is provided on a quarterly basis to the Portfolio Committee, as part of the quarterly reports for the department and the rest of the Portfolio will do the same. The Department also took a decision to have the implementation of the audit action plan reflected as one of the key Performance Areas in the managers' performance agreements.

3.8 STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA) RESOLUTIONS

Not applicable.

3.8.1 PRIOR MODIFICATIONS TO AUDIT REPORTS

No.	Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
1.	Programme 2 (Sector Policy and Research) received a qualified opinion for the indicator "Draft National Accord to drive the Small Business mandate". The basis for the qualified opinion was that "the planned target for this indicator was not specific in clearly identifying the nature and required level of performance and was not measurable."	2018/19	Through the implementation of the Strategic Planning and Reporting Framework and Standard Operating Procedure these matters continue to be addressed within the Department.
2.	Programme 4 (Enterprise Development and Entrepreneurship) received a qualified opinion for the indicator "SMMEs and Co-operatives supported through blended finance to the value of R'million". The basis for the qualified opinion was that "adequate systems and processes were not established to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions."	2019/20	

3.9 INTERNAL CONTROL UNIT

The DSBD does not have an internal control unit due to lack of funding. The internal controls that are currently implemented are based on mainly complying with existing relevant acts, regulations, policies, procedures, instruction notes and various directives within government.

3.10 INTERNAL AUDIT AND AUDIT COMMITTEES

The Internal Audit Unit is in place and reports administratively to the Director-General and functionally to the Audit and Risk Committee (ARC). The ARC was not in place for most part of 2020/21 financial year. It commenced operation in March 2021 and held one meeting on 30 March 2021.

A risk-based audit plan was approved by the Acting Director-General for implementation in the 2020/21 financial year and was ratified by the ARC following its appointment. The Unit provided assurance on key processes including Governance, Performance Information, Human Resources, Assets and Expenditure Management, and transfers for development finance incentives. The audits also covered assessment of progress made in the implementation of previous recommendations and action plans. In addition to the approved plan, Internal Audit accepted seven consulting engagements which were completed during the year under review.

The Committee operates in terms of an approved ARC Charter and in accordance with the requirements of the PFMA and Treasury Regulations. The table below discloses relevant information on the audit committee members:

Name	Qualifications	Internal/ External member	If internal, position in the Department	Date appointed	Date resigned	No. of meetings attended
Zelda Tshabalala	BCom, PGD, MBA	External		December 2020	N/A	1/1
Dr Pritish Dali	BCom, MIT, PHD- IT Security	External		March 2021	N/A	1/1
Rudzani Rasikhinya	B Com, Hons BCom, HD, CA(SA)	External		March 2021	N/A	1/1
Lindokuhle Mkhumane	BCom, PDG, MBL	Internal	ADG	October 2018	N/A	1/1



3.11 AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2021.

Audit and Risk Committee Responsibility

The Audit and Risk Committee commenced operations in March 2021. During the period of its operations, the Audit and Risk Committee reports that it complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter, and has discharged responsibilities as contained therein.

Composition of the Audit and Risk Committee, Meetings and Attendance

The Audit and Risk Committee consists of three (3) independent non-executive members who, collectively, have sufficient qualifications and experience to fulfil their duties. During the period under review, two (2) meetings were held to consider the Audit Assurance, Financial Information, Information Communication Technology, Human Resources, Risk Management, Compliance, Governance and Performance Management for the Department for Small Business Development.

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

The Effectiveness of Internal Control

In the period under review the following activities were undertaken by the Audit and Risk Committee towards the achievement of its mandate:

- Ratified the Internal Audit Charter and the risk-based audit plan for 2020/21.
- Reviewed Internal Audit quarterly progress reports for 2020/21 Quarter 3 and Quarter 4 against the 2020/21 Audit Plan.
- Approved the Audit Strategy and engagement letter for 2020/21.

- Reviewed the 2020/21 Quarter 3 and Quarter 4 financial and performance information of the Department.
- Reviewed quarterly reports on the implementation of risk and ethics management.
- Reviewed the effectiveness of financial controls and received assurance from management, and internal and external audit.
- Reviewed significant issues raised by both the internal and external audit processes.
- Approved the draft annual financial statements and the annual performance report for 2020/21 before submission to the Auditor-General.
- Reviewed the audit report and the management report from the Auditor-General as well as the audit adjustments made.

The Audit and Risk Committee considered reports presented by management and reports from internal and external audit and concluded that the system of internal control is generally sound with a need for improvement in certain areas. The following areas required improvement, among other things:

- The review and monitoring of compliance with applicable laws and regulations.
- Implementation of action plans to address audit findings.
- Maintaining appropriate measures to ensure that transfers and subsidies are applied for their intended purposes.
- Preparation of financial statements in accordance with the prescribed financial reporting framework.

In-Year Management and Monthly/Quarterly Report

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

Evaluation of Financial Statements

The Audit and Risk Committee has reviewed the unaudited 2020/21 annual financial statements, and through Internal Audit, conducted a technical quality review of the financial statements prior to submission to the AGSA for audit. In concert with management and the AGSA, the Audit and Risk Committee has reviewed and discussed the adjustments to the audited annual financial statements to be included in the 2020/21 Annual Report.

Performance Management

The Audit and Risk Committee reviewed the Department's performance for quarter 3 and 4 through the quarterly reports submitted by management and audited by Internal Audit. The Audit and Risk Committee was satisfied with the steady improvement of the Department's performance between these quarters. The Audit and Risk Committee acknowledged the achievement of 19 compared to 22 targets for 2020/21.

The Audit and Risk Committee commends management on the actions taken to improve the Department's performance management framework through a comprehensive plan that focuses on addressing reliability and usefulness issues raised in the previous three (3) years, hence the Department managed to get an unqualified audit opinion on performance information.

Risk Management

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

The Audit and Risk Committee is satisfied with the level of effectiveness of the Department's risk management processes.

Internal Audit

The Audit and Risk Committee evaluated the performance of Internal Audit and noted the ongoing efforts to improve the function's ability to discharge its responsibilities. The Audit and Risk Committee is satisfied that internal audit implemented the approved annual internal audit plan accordingly, and there is non-existence of unjustified restrictions or limitations on work of the internal audit.

The Audit and Risk Committee will ensure that in the new financial year, the effectiveness of Internal Audit is improved through:

- Ensuring that the risk-based annual internal audit plan scope coverage is adequate.
- Reviewing of the internal audit budget, resource plan and activities to ensure that Internal Audit is adequately capacitated.

- Ensuring that Internal Audit complies with the IIA's international standards for the professional practice by ensuring that an External Internal Quality Assurance Review (QAR) is undertaken.
- Evaluating the performance of Internal Audit to ensure ongoing improvement in the function's ability to discharge its responsibilities.

External Audit

The Audit and Risk Committee reviewed the Auditor-General's proposed audit scope and approach.

In the new financial year, the Audit and Risk Committee will continue to ensure that:

- There is coordination of audit effort between external and internal audit.
- Meet separately with AGSA to discuss any matters that the Audit and Risk Committee or Auditors believe should be discussed privately.
- Corrective actions to the reports or findings of the AGSA are reviewed and significant progress is being made on the implementation of corrective actions.

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

Appreciation

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



Ms. Zelda Tshabalala

Chairperson of the Audit and Risk Committee

Department for Small Business Development

30 August 2021

3.12 B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The Department complied with section 13G (1) of the B-BBEE Act (53 of 2003) as amended by Act 46 of 2013, in that it submitted the audited 2019/20 Annual Report and Annual Financial Statements to the B-BBEE Commission within 30

days after Annual Financial Statements were signed-off on by Auditor-General of South Africa.

The table below provides further details on the Code of Good Practice (B-BBEE Certificate Levels 1 – 8):

Has the Department applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	Yes	The Department has applied the B-BBEE requirements with its expenditure, spending and procurement.
Developing and implementing a preferential procurement policy?	Yes	Taking the 90/10 formula into consideration, the Department has taken B-BBEE into account in implementing the preferential policy.
Determining qualification criteria for the sale of state-owned enterprises?	N/A	
Developing criteria for entering into partnerships with the private sector?	N/A	
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	Yes	B-BBEE requirements are taken into consideration in awarding of grants.



PART D

HUMAN RESOURCES



1. PART D: HUMAN RESOURCE MANAGEMENT

2. INTRODUCTION

2.1. The status of human resources in the Department

The year under review was a year of change and subsequently highlighted by several changes for Human Resource Management (HRM) in the Department. The most significant challenge was the working remotely practice that was implemented. This practice challenged employees to be self-disciplined, improve Information Communication Technology related skills and manage relationships from a distance.

The Department was optimistic that the National Macro Organisation of Government (NMOG) process will afford the Department the opportunity to fill some vacancies from employees placed in excess. Therefore, a moratorium was in place in respect of filling vacancies. The moratorium resulted in a vacancy rate of above 12% at the beginning of the reporting period, which caused high levels of workload. During the latter part of the 2020/21 financial year, it became clear that the NMOG process would not deliver results in respect of staff to fill vacancies and the Department moved with speed up the process to fill vacancies. To this end the Department closed the reporting period with a vacancy rate of 9.7% with 20 vacancies still in the recruitment and selection process.

The high vacancy rate at the start of the reporting period resulted in the department returning more than R15 million of the Cost of Employment (COE) budget at the end of the 2020/21 financial year. The need to fill top management positions to ensure stability in the Department also became clear as the filling of the Director-General post progressed significantly towards the end of the period under review. Recommendation was submitted to Minister of Public Service and Administration (MPSA) for presentation to Cabinet for consideration and approval. The development of documents related to the recruitment and selection processes of the two Deputy Directors-General posts, such as job descriptions and adverts, were initiated during 2020/21 financial year and the finalisation of the recruitment process will be seen through during 2021/22 financial year.

The Department did well in maintaining representativity of women in senior management service (SMS) above 50% and closed the year with representation at 57.1%. Similarly, employment of persons with disabilities was increased to 3.3% against the target of 2.8% for the 2020/21 financial year; and moving towards a target of 7% at the end of the medium term period.

High levels of workload remained, however, implementation of the work from home practice appears to have reduced the impact on health and wellness with a decrease in the utilisation of sick leave and incapacity leave noted. This may, however, be due to employees opting not to utilise sick leave as the work from home practice allows them to manage their work schedules and be able to still work while not feeling well when able to do so.

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

Finalisation of the organisational structure was a priority, and the proposal was finalised by the beginning of quarter three of the reporting period. However, limited funding in respect of COE budget and subsequent decreases by National Treasury in the COE budget impacted the Department's ability to resource the structure. Therefore, the structure could not be consulted with the MPSA. Finalisation of the structure remains a priority as the absence of an aligned structure to the mandate of the Department creates targeted service delivery challenges and uncertainty amongst employees due to continuous practice of interim placement to mitigate the risk of not delivering the expected services.

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

The Department commenced with implementation of the medium-term HR plan as well as the Employment Equity (EE) plan and submitted its first EE Report in this regard to the Department of Labour in January 2021. The Department also prioritised a skills audit to, amongst others, assist with placement on the structure and inform a well-constructed Skills Development plan that will support service delivery in line with the DSBD mandate.

2.4. Employee performance management

The Department steadily improved performance management in line with prescripts, however, implementation of new working arrangements during the lockdown resulted in new and relaxed compliance measures being implemented. These included relaxing of the compliance dates for submission of performance management related documents as guided by the DPSA. However, supportive measures such as submission of regular work plans and reports were implemented to manage performance effectively.

2.5. Employee wellness programmes

The Department recognises that the health and well-being of employees directly impacts on productivity, hence there is a wellness programme in place. Internal Employment, Health and Wellness (EHW) services are available, as well as external services provided / administered by an Independent Counselling and Advisory Services (ICAS) to employees and immediate family members 24 hours a day, seven days a week.

ICAS provided employees with face-to-face and telephonic counselling, as well as online workshops to enhance team development, inter-personal relationships, management empowerment and provision of tools and mechanisms to adapt to the continuous changing environment. In addition, information was distributed to employees on physical, emotional and financial wellness and on COVID-19 Management. Quarterly health screening including HIV

Counselling & Testing (HCT) was implemented, however, due to an increase in COVID-19 cases being reported during the latter part of the year the programme was suspended to limit the risk of employee exposure/ infection.

2.6. Highlight achievements and challenges faced by the Department as well as future HR plans and goals

At the end of the reporting period the Department significantly reduced the vacancy rate and finalised the recruitment and selection process for filling of the DG post. The recommendation was submitted to Cabinet for a decision. The Department anticipates that the organisational structure will be consulted with the MPSA during the 2021/22 financial year and the skills audit will assist in placement of the staff on the approved structure.

3. Human Resources Oversight Statistics

3.1 Personnel related expenditure³

The following tables summarise the final audited personnel-related expenditure by programme and by salary bands. It provides an indication of the following:

- amount spent on personnel; and
- amount spent on salaries, overtime, homeowner's allowances and medical aid.

³ Personnel expenditure includes the Political Office Bearers and exclude the LGSeta Interns.

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2020 and 31 March 2021

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	111 348	64 056	815	167	57.5%	599
SECTOR POLICY AND RESEARCH	13 370	11 967	0	178	89.5%	921
INTEGRATED CO-OPERATIVES DEVELOPMENT	64 038	30 358	0	0	47.4%	723
ENTERPRISE DEVELOPMENT AND ENTREPRENEURSHIP	2 060 438	28 574	0	0	1.4%	608
TOTAL	2 249 195	134 955	815	346	6.0%	646

Table 3.1.2 Personnel costs by salary band for the period 1 April 2020 and 31 March 2021

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)	-	-	-	-
Skilled (level 3-5)	4 681	3.5%	20	234
Highly skilled production (levels 6-8)	29 863	22.1%	71	420
Highly skilled supervision (levels 9-12)	52 221	38.7%	67	779
Senior and Top management (levels 13-16)	46 379	34.4%	37	1 253
Other (Interns)	1 811	1.3%	14	129
TOTAL	134 955	100%	209	646

Table 3.1.3 Salaries, Overtime, Homeowners Allowance and Medical Aid by programme for the period 1 April 2020 and 31 March 2021

Programme	Salaries		Overtime		Homeowners 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	44 403	69.3%	80	0.1%	884	1.4%	1 360	2.1%
SECTOR POLICY AND RESEARCH	8 445	70.6%	0	0.0%	69	0.6%	295	2.5%
INTEGRATED CO-OPERATIVES DEVELOPMENT	21 240	70%	0	0.0%	262	0.9%	720	2.4%
ENTERPRISE DEVELOPMENT AND ENTREPRENEURSHIP	19 969	69.9%	0	0.0%	456	1.6%	1 038	3.6%
Total	94 058	69.7%	80	0.06%	1 671	1.2%	3 413	2.5%

Table 3.1.4 Salaries, Overtime, Homeowners Allowance and Medical Aid by salary band for the period 1 April 2020 and 31 March 2021

Salary band	Salaries		Overtime		Homeowners 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)	-	-	-	-	-	-	-	-
Skilled (level 3-5)	3 234	69.1%	11	0.2%	169	3.6%	296	6.3%
Highly skilled production (levels 6-8)	21 316	71.4%	22	0.07%	963	3.2%	1 842	6.2%

Salary band	Salaries		Overtime		Homeowners 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
Highly skilled supervision (levels 9-12)	37 082	71%	47	0.09%	347	0.7%	858	1.6%
Senior management (level 13-16)	30 647	66.1%	0	0.0%	191	0.4%	416	0.9%
Other (Interns)	1 779	98.2%	0	0.0%	0	0.0%	0	0.0%
Total	94 058	69.7%	80	0.06%	1 671	1.2%	3 413	2.5%

3.1.2. Employment and Vacancies

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

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations.

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

Table 3.2.1 Employment and vacancies by programme as on 31 March 2021

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment ²
ADMINISTRATION	100	92	8.0%	13
ENTERPRISE DEVELOPMENT & ENTREPRENEURSHIP	53	46	13.2%	1
INTEGRATED CO-OPERATIVES DEVELOPMENT	40	37	7.5%	*13
SECTOR POLICY AND RESEARCH	13	11	15.4%	2
TOTAL	206	186	9.7%	29

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2021

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)	-	-	-	-
Skilled (3-5)	18	18	0%	3
Highly skilled production (6-8)	75	69	8%	1
Highly-skilled supervision (9-12)	74	65	12.2%	2
Senior management (13-16)	39	34	12.8%	1
Other (Interns)	-	-	-	*22
TOTAL	206	186	9.7%	29

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2021

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related	24	22	8.3%	1
Communication and Information Related	2	2	0%	1
Economists	1	1	0%	1
Finance and Economics Related	2	2	0%	0
Financial and Related Professionals	3	3	0%	1
Financial Clerks and Credit Controllers	3	3	0%	0
Food Services Aids and Waiters	2	2	0%	0
Head of Department	1	0	100%	0
Household and Laundry Workers	4	4	0%	0
Human Resources & Organisational Development & Related Professionals	5	5	0%	0
Human Resources Clerks	1	1	0%	0
Human Resources Related	11	9	18.2%	0
Legal Related	3	2	33.3%	0
Library Mail and Related Clerks	1	1	0%	0
Light Vehicle Drivers	2	2	0%	0
Logistical Support Personnel	5	4	20%	1
Messengers Porters and Deliverers	1	1	0%	0
Other Information Technology Personnel	0	0	0%	2
Risk Management and Security Services	4	4	0%	3
Secretaries & Other Keyboard Operating Clerks	20	18	10%	1
Security Officers	0	0	0%	3
Senior Managers	38	34	10.5%	1
Trade/Industry Advisers & Other Related Professionals	73	66	9.6%	*15
TOTAL	206	186	9.7%	29

3.1.3. 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. They also provide information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary actions taken.

Table 3.3.1 SMS post information as on 31 March 2021

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General	1	0	0.0%	1	100%
Salary Level 16	-	-	-	-	-
Salary Level 15	3	1	33.3%	2	66.7%
Salary Level 14	9	8	88.9%	1	11.1%
Salary Level 13	26	25	96.2%	1	3.8%
TOTAL	39	34	87.2%	5	12.8%

Table 3.3.2 SMS post information as on 30 September 2020

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General	1	0	0.0%	1	100%
Salary Level 16	-	-	-	-	-
Salary Level 15	3	1	33.3%	2	66.7%
Salary Level 14	9	7	77.8%	2	22.2%
Salary Level 13	28	26	92.9%	2	7.1%
TOTAL	41	34	82.9%	7	17.1%

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2020 and 31 March 2021

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

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2020 and 31 March 2021

Reasons for vacancies not advertised within six months
Director-General (L16) – Decision from the Executive Authority to not fill the post until finalisation of the organisational structure.
2 x Deputy Director-General posts (L15) – Delayed due to review of the organisational structure.
Chief Director post (L14) – Delayed due to review of the organisational structure.
Director post (L13) – Delayed due to review of the organisational structure.
Reasons for vacancies not filled within twelve months
Director-General (L16) – The process was initiated but delayed during the hard lockdown and only progressed significantly towards the end of the period under review. Recommendation submitted to MPSA for presentation to Cabinet for consideration.
2 x Deputy Director-General posts (L15) – Delayed due to review of the organisational structure. The initial process towards preparation for recruitment started.
Chief Director post (L14) – Delayed due to review of the organisational structure. The recruitment and selection process has been initiated and will be finalised during 2021/22 financial year.
Director post (L13) – Delayed due to review of the organisational structure. The recruitment and selection process has been followed and appointment will be finalised during 2021/22 financial year.

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 2020 and 31 March 2021

Reasons for vacancies not advertised within six months
The Department was waiting for the NMOG process to be finalised, hoping to benefit from the excess staff and also to have the reviewed organisational structure, which has been aligned to the mandate of the Department, approved.
Reasons for vacancies not filled within six months
The Department was waiting for the NMOG process to be finalised, hoping to benefit from the excess staff and also to have the reviewed organisational structure, which has been aligned to the mandate of the Department, approved.

3.4. Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in their organisation(s). 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 2020 and 31 March 2021

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)	0	0	0.0%	0	0.0%	0	0.0%
Skilled (Levels 3-5)	18	0	0.0%	0	0.0%	0	0.0%
Highly skilled production (Levels 6-8)	75	14	18.7%	0	0.0%	0	0.0%
Highly skilled supervision (Levels 9-12)	74	32	43.2%	0	0.0%	0	0.0%
Senior Management Service Band A	26	0	0.0%	0	0.0%	1	3.8%
Senior Management Service Band B	9	0	0.0%	0	0.0%	0	0.0%
Senior Management Service Band C	3	1	33.3%	0	0.0%	0	0.0%
Senior Management Service Band D	1	0	0.0%	0	0.0%	0	0.0%
TOTAL	206	47	22.8%	0	0.0%	1	0.5%

One senior management post (Administrative Secretary) was downgraded in line with the new Guide for Members of the Executive which provided for an Administrative Support and Coordination post on salary level 11.

The following table is meant to provide a summary of the number of employees whose positions were upgraded due to their post being upgraded, but this information is not applicable to the Department.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2020 and 31 March 2021

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

Employees with 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 2020 and 31 March 2021

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Secretaries and other Keyboard Operators	1	7	10	Employee initially from the office of the Minister (previous administration).
Secretaries and other Keyboard Operators	5	7	8	Personal Assistants as transferred from previous Department – while above the job level, still within the grade.
Secretaries and other Keyboard Operators	1	6	8	Advanced Team Assistant on upper end of salary level as per previous Department.
Secretaries and other Keyboard Operators	4	6	7	Advanced Team Assistants as per salary level from previous Department.
Total number of employees whose salaries exceeded the level determined by job evaluation				11
Percentage of total employed				5.1%

The Department has standardised administrative support posts such as personal assistants and administrators in line with gradings provided by the DPSA. 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 2020 and 31 March 2021

Gender	African	Asian	Coloured	White	Total
Female	7	0	1	2	10
Male	0	0	1	0	1
TOTAL	7	0	2	2	11
Employees with disability	0	0	0	0	0

3.5. Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the Department. The

following tables provide a summary of turnover rates by salary band and critical occupations.

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2020 and 31 March 2021

Salary band	Number of employees at beginning of period – 1 April 2020	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	0	0	0	0.0%
Skilled (Levels 3-5)	16	2	1	6.3%
Highly skilled production (Levels 6-8)	67	4	3	4.5%
Highly skilled supervision (Levels 9-12)	66	2	3	4.5%
Senior Management Service Bands A	26	1	1	3.8%
Senior Management Service Bands B	7	3	2	28.6%
Senior Management Service Bands C	1	0	0	0.0%
Senior Management Service Bands D	0	0	0	0.0%
Contracts	24	16	13	54.2%
TOTAL	207	28	23	11.1%

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2020 and 31 March 2021

Critical occupation	Number of employees at beginning of period – 1 April 2020	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative Related	25	1	5	20%
Communication and Information Related	2	1	0	0.0%
Economists	1	0	0	0.0%
Finance and Economics Related	2	0	0	0.0%
Financial and Related Professionals	4	1	0	0.0%
Financial Clerks and Credit Controllers	5	0	2	40%
Food Services Aids and Waiters	2	0	0	0.0%
Head of Department	0	0	0	0.0%
Household and Laundry Workers	3	2	0	0.0%
Human Resources & Organisational Development & Related Professionals	3	1	0	0.0%
Human Resources Clerks	1	0	0	0.0%
Human Resources Related	8	1	0	0.0%
Legal Related	2	0	0	0.0%
Library Mail and Related Clerks	1	0	0	0.0%
Light Vehicle Drivers	2	0	0	0.0%
Logistical Support Personnel	5	0	0	0.0%
Messengers Porters and Deliverers	1	0	0	0.0%
Other Information Technology Personnel	2	0	0	0.0%
Risk Management and Security Services	7	2	2	28.6%
Secretaries & Other Keyboard Operating Clerks	20	2	2	10%
Security Officers	0	4	1	25%
Senior Managers	34	4	3	8.8%
Trade/Industry Advisers & Other Related Professionals	77	10	7	9.1%
TOTAL	207	28	23	11.1%


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 2020 and 31 March 2021

Termination Type	Number	% of Total Resignations
Death	0	0.0%
Resignation	15	65.2%
Expiry of contract	5	21.7%
Dismissal – operational changes	0	0.0%
Dismissal – misconduct	0	0.0%
Dismissal – inefficiency	0	0.0%
Discharged due to ill-health	0	0.0%
Retirement	0	0.0%
Transfer to other Public Service Departments	3	13%
Other	0	0.0%
TOTAL	23	100%
Total number of employees who left as a % of total employment		10.7%

Table 3.5.4 Promotions by critical occupation for the period 1 April 2020 and 31 March 2021

Occupation	Employees 1 April 2020	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative Related	25	0	0.0%	13	52%
Communication and Information Related	2	0	0.0%	0	0.0%
Economists	1	0	0.0%	1	100%
Finance and Economics Related	2	0	0.0%	2	100%
Financial and Related Professionals	4	0	0.0%	2	50%
Financial Clerks and Credit Controllers	5	0	0.0%	2	40%
Food Services Aids and Waiters	2	0	0.0%	1	50%
Head of Department	0	0	0.0%	0	0.0%
Household and Laundry Workers	3	0	0.0%	0	0.0%
Human Resources & Organisational Development & Related Professionals	3	0	0.0%	2	66.7%
Human Resources Clerks	1	0	0.0%	1	100%
Human Resources Related	8	0	0.0%	7	87.5%
Legal Related	2	0	0.0%	1	50%
Library Mail and Related Clerks	1	0	0.0%	0	0.0%
Light Vehicle Drivers	2	0	0.0%	1	50%
Logistical Support Personnel	5	0	0.0%	5	100%
Messengers Porters and Deliverers	1	0	0.0%	1	100%
Other Information Technology Personnel	2	0	0.0%	0	0.0%
Risk Management and Security Services	7	0	0.0%	1	14.3%
Secretaries & Other Keyboard Operating Clerks	20	0	0.0%	12	60%



Occupation	Employees 1 April 2020	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
Senior Managers	34	0	0.0%	19	55.9%
Trade/Industry Advisers & Other Related Professionals	77	0	0.0%	46	59.7%
TOTAL	207	0	0.0%	117	56.5%

Table 3.5.5 Promotions by salary band for the period 1 April 2020 and 31 March 2021

Salary Band	Employees 1 April 2020	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)	0	0	0.0%	0	0.0%
Skilled (Levels 3-5)	17	0	0.0%	9	52.9%
Highly skilled production (Levels 6-8)	88	0	0.0%	40	45.5%
Highly skilled supervision (Levels 9-12)	68	0	0.0%	49	72.1%
Senior Management (Level 13-16)	34	0	0.0%	19	55.9%
TOTAL	207	0	0.0%	117	56.5%

3.6. Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as of 31 March 2021

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials, and managers	12	2	1	0	16	1	1	2	35
Professionals	30	3	2	0	30	1	0	1	67
Technicians and associate professionals	33	0	0	0	38	0	0	0	71
Clerks	4	1	1	0	19	1	0	2	28
Service and sales workers	1	0	0	0	4	0	0	0	5
Skilled agricultural and Fishery Workers	0	0	0	0	0	0	0	0	0
Craft and related trades	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	2	0	0	0	0	0	0	0	2
Elementary occupations	1	0	0	0	6	0	0	0	7
TOTAL	83	6	4	0	113	3	1	5	215
Employees with disabilities	3	0	0	0	4	0	0	0	7

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as of 31 March 2021

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	11	2	1	0	16	1	1	2	34
Professionally qualified and experienced specialists and mid-management	30	3	2	0	30	1	0	1	67
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	35	1	0	0	54	1	0	2	93
Semi-skilled and discretionary decision making	6	0	1	0	13	0	0	0	20
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
TOTAL	83	6	4	0	113	3	1	5	215

Table 3.6.3 Recruitment for the period 1 April 2020 and 31 March 2021

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	4	0	0	0	4
Professionally qualified and experienced specialists and mid-management	2	1	0	0	0	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	6	0	0	0	8	0	0	0	14
Semi-skilled and discretionary decision making	3	0	0	0	4	0	0	0	7
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
TOTAL	11	1	0	0	16	0	0	0	28
Employees with disabilities	0	0	0	0	2	0	0	0	2


Table 3.6.4 Promotions for the period 1 April 2020 and 31 March 2021

There were no promotions that were made during the period under review.

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid- management	0	0	0	0	0	0	0	0	0
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
TOTAL	0	0	0	0	0	0	0	0	0
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5 Terminations for the period 1 April 2020 to 31 March 2021

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	3	0	0	0	3
Professionally qualified and experienced specialists and mid- management	2	0	0	0	2	0	0	0	4
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	0	0	0	9	0	0	0	11
Semi-skilled and discretionary decision making	4	0	0	0	1	0	0	0	5
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
TOTAL	8	0	0	0	15	0	0	0	23
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2020 and 31 March 2021

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Correctional counselling	0	0	0	0	1	0	0	0	1
Written warning	4	0	0	0	9	0	0	1	14
Final written warning	1	0	0	0	0	0	0	0	1
Dismissal	5	0	0	0	0	0	0	0	5
Not guilty	2	0	0	0	1	0	0	0	3
TOTAL	12	0	0	0	11	0	0	1	24

Table 3.6.7 Skills development for the period 1 April 2020 and 31 March 2021

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	1	0	0	0	4	0	0	0	5
Professionals	4	0	0	0	7	0	0	1	12
Technicians and associate professionals	7	0	0	0	4	0	0	0	11
Clerks	1	0	0	0	2	0	0	0	3
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agricultural and Fishery Workers	0	0	0	0	0	0	0	0	0
Craft and related trades	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
TOTAL	13	0	0	0	17	0	0	1	31
Employees with disabilities	0	0	0	0	1	0	0	0	1

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 2020

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General	1	0	0	0.0%
Salary Level 16	0	0	0	0.0%
Salary Level 15	3	1	1	100%
Salary Level 14	9	8	6	75%
Salary Level 13	28	26	24	92.3%
TOTAL	41	35	31	88.6%

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2021

Reasons
All SMS members in the employ of the Department by 31 March 2021 had concluded their Performance Agreements.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2021

Reasons
Not applicable.

3.8. Performance Rewards

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

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2020 and 31 March 2021

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African	65	196	33.2%	1 121	17 249
Male	27	83	32.5%	462	17 095
Female	38	113	33.6%	660	17 358
Asian	1	5	20%	7	7 052
Male	1	4	25%	7	7 052
Female	0	1	0.0%	0	0
Coloured	1	9	11.1%	15	14 687
Male	1	6	16.7%	15	14 687
Female	0	3	0.0%	0	0
White	1	5	20%	17	16 793
Male	0	0	0.0%	0	0
Female	1	5	20%	17	16 793
TOTAL	68	215	31.6%	1 160	17 055

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2020 and 31 March 2021

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	0	0	0.0%	0	0	0.0%
Skilled (level 3-5)	9	21	42.9%	58	6 445	0.04%
Highly skilled production (level 6-8)	28	70	40%	294	10 489	0.22%
Highly skilled supervision (level 9-12)	29	67	43.3%	715	24 649	0.53%
Other (Interns)	0	22	0.0%	0	0	0.0%
TOTAL	66	180	36.7%	1 067	16 160	0.79%

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2020 and 31 March 2021

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative Related	10	23.00	43.5%	174	17 399
Communication and Information Related	0	3.00	0.0%	0	0
Economists	0	1.00	0.0%	0	0
Finance and Economics Related	3	3.00	100%	67	22 194
Financial and Related Professionals	2	3.00	75%	40	20 113
Financial Clerks and Credit Controllers	2	3.00	66.7%	15	7 337

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Food Services Aids and Waiters	2	2.00	100%	12	6 049
Head of Department	0	0.00	0.0%	0	0
Household and Laundry Workers	0	4.00	0.0%	0	0
Human Resources & Organisational Development & Related Professionals	1	5.00	20%	10	9 504
Human Resources Clerks	1	1.00	100%	6	6 080
Human Resources Related	4	9.00	44.4%	62	15 430
Legal Related	1	2.00	50%	22	21 966
Library Mail and Related Clerks	1	1.00	100%	6	6 447
Light Vehicle Drivers	1	2.00	50%	6	5 613
Logistical Support Personnel	3	5.00	60%	32	10 562
Messengers Porters and Deliverers	0	1.00	0.0%	0	0
Other Information Technology Personnel	0	2.00	0.0%	0	0
Risk Management and Security Services	2	7.00	28.6%	18	9 194
Secretaries & Other Keyboard Operating Clerks	7	19.00	36.8%	63	9 034
Security Officers	0	3.00	0.0%	0	0
Senior Managers	2	35.00	5.7%	93	46 583
Trade/Industry Advisers & Other Related Professionals	26	81.00	32.1%	534	20 551
TOTAL	68	215.00	31.6%	1 160	17 055

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2020 and 31 March 2021

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	26	0.0%	0	0	0.0%
Band B	2	8	25%	93	46 583	0.07%
Band C	0	1	0.0%	0	0	0.0%
Band D	0	0	0.0%	0	0	0.0%
TOTAL	2	35	5.7%	93	46 583	0.07%

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 2020 and 31 March 2021

Salary band	01 April 2020		31 March 2021		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0.0%	0	0.0%	0	0.0%
Highly skilled production (Lev. 6-8)	0	0.0%	0	0.0%	0	0.0%
Highly skilled supervision (Lev. 9-12)	0	0.0%	0	0.0%	0	0.0%
Contract (level 9-12)	0	0.0%	0	0.0%	0	0.0%
Contract (level 13-16)	0	0.0%	0	0.0%	0	0.0%
TOTAL	0	0.0%	0	0.0%	0	0.0%

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2020 and 31 March 2021

Major occupation	01 April 2020		31 March 2021		Change	
	Number	% of total	Number	% of total	Number	% Change
None	0	0.0%	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 2020 to 31 December 2020

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%	0	0
Skilled (levels 3-5)	29	65.5%	8	7.3%	4	25
Highly skilled production (levels 6-8)	166	78.9%	34	31.2%	5	259
Highly skilled supervision (levels 9 -12)	172	82%	36	33%	5	440
Top and Senior management (levels 13-16)	88	86.4%	20	9.6%	4	395
Other (Interns)	29	55.2%	11	10.1%	3	13
TOTAL	484	79.1%	109	100%	4	1 132

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2020 to 31 December 2020

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%	0	0
Skilled (Levels 3-5)	0	0.0%	0	0.0%	0	0
Highly skilled production (Levels 6-8)	13	100%	2	66.7%	7	23
Highly skilled supervision (Levels 9-12)	0	0.0%	0	0.0%	0	0
Senior management (Levels 13-16)	68	100%	1	33.3%	68	284
TOTAL	81	100%	3	100%	27	307

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

Table 3.10.3 Annual Leave for the period 1 January 2020 to 31 December 2020

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	0	0	0
Skilled Levels 3-5)	204	17	12
Highly skilled production (Levels 6-8)	967	62	16
Highly skilled supervision (Levels 9-12)	1 029	67	15
Senior management (Levels 13-16)	529	33	16
Other (Interns)	202	22	9
Total	2 931	201	15

Table 3.10.4 Capped leave for the period 1 January 2020 to 31 December 2020

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 2020
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	34
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	53
Senior management (Levels 13-16)	0	0	0	15
TOTAL	0	0	0	27

The following table summarises payments made to employees because of leave that was not taken.

Table 3.10.5 Leave pay-outs for the period 1 April 2020 and 31 March 2021

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-out for 2020/21 due to non-utilisation of leave for the previous cycle	322	7	46 000
Capped leave pay-outs on termination of service for 2020/21	0	0	0
Current leave pay-out on termination of service for 2020/21	120	7	17 143
TOTAL	442	14	31 342

3.11. HIV/AIDS and 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.	√		Ms Hendriën Rossouw - Director: Human Resource Management
2. Does the Department have a dedicated unit, or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	√		<p>1) The Sub-directorate: EHW is dedicated for Health and Wellness of Employees.</p> <p>2) The unit comprises of two (2) employees and is supported by an EHW Service Provider (ICAS) from June 2019, rendering Psycho-Social Counselling services for a period of 3 years. The contract is due to expire on 31 June 2021 and the process of appointing a new Counselling Service Provider has already been initiated.</p> <p>3) The budget for the EHW programme for the 2020/21 financial year is R300 000.00.</p>
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.	√		<p>1) A Health Programme has been implemented, focusing on the implementation of the National Health Calendar.</p> <p>2) Additional awareness/ intervention programmes are implemented based on identified themes from services requested by employees, as well as themes based on the psycho-social (counselling) programme.</p> <p>3) General Health Screening, including HIV Counselling and Testing (HCT) was implemented in quarter three of 2020/21 financial year. The General Health Screening could not be done on quarterly basis due to the limitations brought about by the COVID-19 pandemic.</p>
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.			<p>The Department has an active Health and Wellness Committee, established in 2017, comprising of 19 members representing the following stakeholders:</p> <p>Evacuation Officers</p> <ol style="list-style-type: none"> 1. Richard Wehr (Security Services Manager) 2. Shirley Maabela (Employee Health and Wellness Programme Manager) 3. Nompumelelo Radebe (Facilities and Auxiliary Services Manager) 4. Rejoyce Maudu (Occupational Health and Safety /Wellness Practitioner) 5. James Tooka (Facilities Officer)

Question	Yes	No	Details, if yes
	√		First Aiders <ol style="list-style-type: none"> 1. Sophy Nkoana 2. Emerencia Phiri 3. Sebe Moyahabo Fire Fighters/ Fire Marshalls <ol style="list-style-type: none"> 1. Milingoni Mugovhani 2. Jane Mashego 3. Fhatuwani Mudzanani 4. Balindile Manzini Health and Safety Representatives <ol style="list-style-type: none"> 1. Ziphora Malebye 2. Tsietsi Thinane 3. Gugu Sithole 4. Rendani Masutha Wellness Buddies <ol style="list-style-type: none"> 1. Chantelle Martin 2. Tshepo Mathibela 3. Nthambeleni Dahlia Seshebedi
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 Departmental HIV/ AIDS and TB Management Policy was approved on 19 December 2018. The Policy is due for review during the 2022/23 financial year.
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.	√		Health Awareness and Dialogue sessions.
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	√		<p>Between April 2020 - March 2021, 43 employees participated in voluntary HIV Counselling and Testing (HCT) conducted by Government Employees Medical Scheme (GEMS). The results of all employees tested during this period were negative. The low response rate to HCT during the second and third quarters of 2020/21 financial year could be due to the work from home practice.</p> <p>Continuous support is provided to the three (3) employees who disclosed their HIV positive status to the EHW Unit during previous reporting periods.</p>
8. Has the Department developed measures/ indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	√		<ol style="list-style-type: none"> 1) Administration of evaluation forms after Information sessions. 2) Administration of EHW programme evaluation Questionnaires / Organisational Climate Survey.

3.12. Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2020 and 31 March 2021

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 2020 and 31 March 2021

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	1	4.2%
Verbal warning	0	0.0%
Written warning	13	54.2%
Final written warning	1	4.2%
Suspended without pay	0	0.0%
Fine	0	0.0%
Demotion	0	0.0%
Dismissal	5	20.8%
Not guilty	2	8.3%
Case withdrawn	2	8.3%
TOTAL	24	100%

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2020 and 31 March 2021

Type of misconduct	Number	% of Total
Alleged fraud	7	29.2%
Dereliction of duty	1	4.2%
Insubordination	2	8.3%
Non-compliance	10	41.7%
Contravention of COVID-19 Regulations	1	4.2%
Improper, disrespectful and unacceptable conduct	2	8.3%
Failure to adequately manage operations	1	4.2%
Total	24	100%

Table 3.12.4 Grievances logged for the period 1 April 2020 and 31 March 2021

Grievances	Number	% of Total
Number of grievances resolved	2	100%
Number of grievances not resolved	0	0.0%
Total number of grievances lodged	2	100%

Table 3.12.5 Disputes logged with Councils for the period 1 April 2020 and 31 March 2021

Disputes	Number	% of Total
Number of disputes upheld	1	100%
Number of disputes dismissed	0	0.0%
Total number of disputes lodged	1	100%

Table 3.12.6 Strike actions for the period 1 April 2020 and 31 March 2021

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

Table 3.12.7 Precautionary suspensions for the period 1 April 2020 and 31 March 2021

Number of people suspended	9
Number of people whose suspension exceeded 30 days	9
Average number of days suspended	408
Cost of suspension (R'000)	6 840 257.73

3.13. Skills development


This section highlights the efforts of the Department regarding skills development.

Table 3.13.1 Training needs identified for the period 1 April 2020 and 31 March 2021

Occupational category	Gender	Number of employees as at 1 April 2020	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	19	0	7	0	7
	Male	15	0	3	0	3
Professionals	Female	34	0	25	0	25
	Male	34	0	12	0	12
Technicians and associate professionals	Female	55	0	11	0	11
	Male	32	0	1	0	1
Clerks	Female	5	0	5	0	5
	Male	5	0	1	0	1
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	2	0	0	0	0
Elementary occupations	Female	5	0	0	0	0
	Male	1	0	0	0	0
Sub-Total	Female	118	0	48	0	48
	Male	89	0	17	0	17
TOTAL		207	0	65	0	65

Table 3.13.2 Training provided for the period 1 April 2020 and 31 March 2021

Occupational category	Gender	Number of employees as at 1 April 2020	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	19	0	2	1	3
	Male	15	0	0	0	0
Professionals	Female	34	0	9	1	10
	Male	34	0	7		7



Occupational category	Gender	Number of employees as at 1 April 2020	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Technicians and associate professionals	Female	55	0	5	1	6
	Male	32	0	5	2	7
Clerks	Female	5	0	1	1	2
	Male	5	0	0	0	0
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	2	0	0	0	0
Elementary occupations	Female	5	0	0	0	0
	Male	1	0	0	0	0
Sub-Total	Female	118	0	18	4	22
	Male	89	0	12	2	14
TOTAL		207	0	30	6	36

3.14. Injury on duty

The following table provides basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2020 and 31 March 2021

Nature of injury on duty	Number	% of total
Required basic medical attention only	4	100%
Temporary Total Disablement	0	0.0%
Permanent Disablement	0	0.0%
Fatal	0	0.0%
Total	4	100%

3.15. Utilisation of Consultants

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2020 and 31 March 2021

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Provision of Ill-health assessment (Alexander Forbes Health)	1	30	R 19 157.04
Provision of Ill-health assessment (EOH Human Capital Solution)	1	1	R 40 585.00
Provision of Sign Language Interpreter (Forch Communications and Projects)	1	1	R 2 000.00
Recruitment Competency assessment (Gijima Holdings)	1	1	R 19 941.00
Recruitment Competency Assessment (Litha-Lethu Consulting)	1	1	R 8 441.00

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Verification of qualifications (Mabunha Tracking)	1	1	R 12 992.27
Assessment of BEE Compliance (Moloto BEE Verification)	1	1	R 54 625.00
Verification of qualifications (SAQA)	1	30	R 3 985.00
Provision of Comprehensive research report (sefa)	1	30	R 178 363.79
Recruitment Competency Assessment (The Assessment Toolbox)	1	1	R 5 750.00
Provision of legal services -State Attorney (the Department of Justice and Constitutional Development)	2	30	R 293 866.25
Provision of Employee Health and Wellness services to the Department (ICAS)	22	365	R 148 001.12

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
12	34	492	R 787,707.47

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDI) for the period 1 April 2020 and 31 March 2021

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Provision of Ill-health assessment (Alexander Forbes Health)	Level 2	Black Ownership 38.89% Black Female 13.75%	9
Provision of Ill-health assessment (EOH Human Capital Solution)	Level 1	78.21% black Man and 9.82% Black Woman	1
Provision of Sign Language Interpreter (Forch Communications and Projects)	Level 1	100% Female	1
Recruitment Competency assessment (Gijima Holdings)	Level 1	61.37% Black Black Female 41.56%	1
Recruitment Competency Assessment (Litha-Lethu Consulting)	Level 2	49% White female and 25.50% Black Female	1
Verification of qualifications (Mabunha Tracking)	Level 1	100% Black Male	7
Assessment of BEE Compliance (Moloto BEE Verification)	Level 1	100% Black Female	1
Verification of qualifications (SAQA)	Government Entity	N/A	2
Provision of Comprehensive research report (sefa)	Government Entity	N/A	1
Recruitment Competency Assessment (The Assessment Toolbox)	Level 4	30% white female	1
Provision of legal services -State Attorney (the Department of Justice and Constitutional Development)	Government Entity	N/A	4
Provision of Employee Health and Wellness services to the Department (ICAS)	Level 1	25.71% Black Ownership 11.53% Black Female	4

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2020 and 31 March 2021

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
N/A	N/A	N/A	N/A

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
N/A	N/A	N/A	N/A

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2020 and 31 March 2021

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
N/A	N/A	N/A	N/A

3.16. Severance Packages

Table 3.16.1 Granting of employee-initiated severance packages for the period 1 April 2020 and 31 March 2021

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 (level 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 and Top management (levels 13-16)	0	0	0	0
TOTAL	0	0	0	0



PART E

FINANCIAL INFORMATION

Report of the auditor-general to Parliament on vote no. 36: Department of Small Business Development

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Department of Small Business Development set out on pages 127 to 177, which comprise the appropriation statement, statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Small Business Development as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury (NT) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

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

Other matter

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

Unaudited supplementary schedules

7. The supplementary information set out in pages 178 to 186 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

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

Auditor-general's responsibilities for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the

economic decisions of users taken on the basis of these financial statements.

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the department's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the department enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the department's annual performance report for the year ended 31 March 2021:

Programmes	Pages in the annual performance report
Programme 3 – Integrated Co-operatives Development	61 – 70

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

16. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:

- Programme 3 – Integrated Co-operatives Development

Other matters

17. I draw attention to the matters below.

Achievement of planned targets

18. Refer to the annual performance report on pages 41 to 80 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

Report on the audit of compliance with legislation

Introduction and scope

19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the department's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

20. The material findings on compliance with specific matters in key legislation are as follows:

Transfer of funds

21. Appropriate measures were not maintained to ensure that transfers and subsidies to entities were applied for their intended purposes as required by treasury regulation 8.4.1.

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2021

Annual financial statements

22. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 40(1)(a) of the PFMA.
23. Material misstatements of provisions identified by the auditors in the submitted financial statement was corrected, resulting in the financial statements receiving an unqualified audit opinion

Other information

24. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported in this auditor's report.
25. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
26. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme 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 material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If 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, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
29. Inadequate monitoring of action plan to address prior year findings resulting in similar findings in the current year.
30. The review and monitoring of compliance with applicable laws and regulations were ineffective in certain instances.

Other reports

31. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
32. The forensic investigation into irregularities raised by the Auditor-General of South Africa regularity audit of 2016/17, with regard to non-compliance in incentive programmes (CIS) Co-operatives Incentive Scheme and (BBDP) Black Business Supplier Development Programme was concluded on 5 April 2019. The investigation was conducted by the Auditor General's forensic unit and covered the 2015/16 and 2016/17 financial periods. The public report was still in progress as at the date of this report.

Auditor-General

Pretoria

31 July 2021



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer 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 of Small Business Development 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

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



Table of Contents

Appropriation Statement	127
Notes to the Appropriation Statement	146
Statement of Financial Performance	148
Statement of Financial Position	149
Statement of Changes in Net Assets	150
Cash Flow Statement	151
Notes to the Annual Financial Statements (including Accounting policies)	152
Annexures	178

APPROPRIATION STATEMENT

for the year ended 31 March 2021

Appropriation per programme									
2020/21								2019/20	
Programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration	109 388	-	3 707	113 095	111 348	1 747	98.5%	119 475	116 659
2. Sector Policy and Research	16 444	-	270	16 714	13 370	3 344	80.0%	25 621	18 630
3. Integrated Cooperatives Development	91 680	-	(9 348)	82 332	64 038	18 294	77.8%	127 028	119 597
4. Enterprise Development and Entrepreneurship	2 060 291	-	5 371	2 065 662	2 060 438	5 224	99.7%	1 996 428	1 973 894
TOTAL	2 277 803	-	-	2 277 803	2 249 195	28 608	98.7%	2 268 552	2 228 779
				2020/21				2019/20	
				Final Appropriation	Actual Expenditure			Final Appropriation	Actual Expenditure
TOTAL (brought forward)									
Reconciliation with statement of financial performance									
ADD									
Departmental receipts				300				23 257	
Aid assistance				319 315				166 337	
Actual amounts per statement of financial performance (total revenue)				2 597 418				2 458 146	
ADD									
Aid assistance					319 152				162 230
Prior year unauthorised expenditure approved without funding									
Actual amounts per statement of financial performance (total expenditure)					2 568 347				2 391 009

APPROPRIATION STATEMENT

for the year ended 31 March 2021

Appropriation per economic classification									
2020/21								2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	196 051	(223)	3 648	199 476	183 656	15 820	92.1%	218 151	198 825
Compensation of employees	150 683	(170)	-	150 513	134 955	15 558	89.7%	151 517	137 073
Salaries and wages	128 491	4 862	-	133 353	119 629	13 724	89.7%	133 219	121 557
Social contributions	22 192	(5 032)	-	17 160	15 325	1 835	89.3%	18 298	15 516
Goods and services	45 368	(53)	3 648	48 963	48 702	261	99.5%	66 634	61 752
Administrative fees	975	(611)	(86)	278	267	11	96.0%	1 032	762
Advertising	165	54	4	223	211	12	94.8%	409	359
Minor assets	27	156	-	183	181	2	99.0%	102	72
Audit costs: External	4 100	(741)	-	3 359	3 358	1	100.0%	3 251	3 244
Bursaries: Employees	657	(66)	-	591	590	1	99.9%	417	417
Catering: Departmental activities	1 167	(823)	(122)	222	219	3	98.5%	1 909	1 202
Communication	2 189	765	135	3 089	3 076	13	99.6%	1 488	1 345
Computer services	6 782	(372)	(100)	6 310	6 292	18	99.7%	5 528	5 317
Consultants: Business and advisory services	680	(206)	(127)	347	346	1	99.7%	3 474	3 122
Legal services	1 033	(832)	93	294	294	0	100.0%	678	666
Contractors	435	(286)	-	149	148	1	99.3%	419	364
Agency and support / outsourced services	8	(8)	-	-	-	-	-	302	302
Entertainment	10	(10)	-	-	-	-	-		
Fleet services	1 393	(716)	95	772	748	24	96.9%	1 633	1 483
Consumable supplies	271	170	73	514	499	15	97.2%	405	200
Consumable: Stationery, printing and office supplies	473	(292)	23	204	158	46	77.7%	1 050	870
Operating leases	19 013	1 041	2 831	22 885	22 885	0	100.0%	21 623	21 622
Property payments	130	421	-	551	551	0	99.9%	1	0
Travel and subsistence	4 019	3 452	777	8 248	8 142	106	98.7%	19 763	17 798
Training and development	1 005	(778)	-	227	225	2	99.2%	1 028	799

APPROPRIATION STATEMENT

for the year ended 31 March 2021

Appropriation per economic classification									
2020/21								2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Operating payments	632	(225)	32	439	435	4	99.0%	791	587
Venues and facilities	80	(22)	20	78	77	1	98.1%	896	794
Rental and hiring	124	(124)	-	-	-	-	-	435	428
Transfers and subsidies	2 077 528	223	(3 648)	2 074 103	2 061 631	12 472	99.4%	2 045 736	2 025 730
Departmental agencies and accounts	824 478	9 903	-	834 381	834 381	-	100.0%	882 763	882 763
Departmental agencies and accounts	824 478	9 903	-	834 381	834 381	-	100.0%	882 763	882 763
Public corporations and private enterprises	1 253 050	(11 341)	(3 800)	1 237 909	1 225 455	12 454	99.0%	1 162 584	1 142 582
Public corporations	1 169 500	(200)	(3 800)	1 165 500	1 165 500	-	100.0%	884 860	884 860
Other transfers to public corporations	1 169 500	(200)	(3 800)	1 165 500	1 165 500	-	100.0%	884 860	884 860
Private enterprises	83 550	(11 141)	-	72 409	59 955	12 454	82.8%	277 724	257 722
Other transfers to private enterprises	83 550	(11 141)	-	72 409	59 955	12 454	82.8%	277 724	257 722
Non-profit institutions	-	1 238	-	1 238	1 238	-	100.0%	-	-
Households	-	423	152	575	558	17	97.0%	389	385
Social benefits	-	423	152	575	558	17	97.0%	289	285
Payments for capital assets	4 224	-	-	4 224	3 907	317	92.5%	4 665	4 225
Machinery and equipment	4 224	-	-	4 224	3 907	317	92.5%	4 665	4 225
Other machinery and equipment	4 224	-	-	4 224	3 907	317	92.5%	4 665	4 225
TOTAL	2 277 803	0	-	2 277 803	2 249 195	28 608	98.7%	2 268 552	2 228 779

APPROPRIATION STATEMENT

for the year ended 31 March 2021

Programme 1: Administration									
2020/21								2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Ministry	19 802	914	924	21 640	21 612	28	99.9%	26 203	26 141
2. Departmental Management	14 652	(548)	63	14 167	13 450	717	94.9%	15 283	14 816
3. Corporate Services	52 001	(2 147)	2 602	52 456	51 815	641	98.8%	51 909	50 083
4. Financial Management	19 027	50	112	19 189	18 840	349	98.2%	18 639	18 330
5. Communications	3 906	1 731	6	5 643	5 631	12	99.8%	7 441	7 288
Total for sub programmes	109 388	-	3 707	113 095	111 348	1 747	98.5%	119 475	116 659
Economic classification									
Current payments	105 905	(321)	4 073	109 657	108 218	1 439	98.7%	115 452	113 044
Compensation of employees	65 522	(170)	-	65 352	64 056	1 296	98.0%	64 499	64 450
Salaries and wages	56 032	2 229	-	58 261	57 113	1 148	98.0%	57 444	57 412
Social contributions	9 490	(2 399)	-	7 091	6 944	147	97.9%	7 055	7 038
Goods and services	40 383	(151)	4 073	44 305	44 161	144	99.7%	50 953	48 595
Administrative fees	476	(362)	20	134	129	5	96.1%	470	357
Advertising	165	(23)	4	146	142	4	97.1%	392	359
Minor assets	27	156	-	183	181	2	99.0%	100	71
Audit costs: External	4 100	(741)	-	3 359	3 358	1	100.0%	3 251	3 244
Bursaries: Employees	657	(66)	-	591	590	1	99.9%	417	417
Catering: Departmental activities	618	(412)	-	206	205	1	99.6%	1 037	928
Communication	1 422	331	159	1 912	1 905	7	99.7%	1 015	908
Computer services	6 782	(372)	(100)	6 310	6 292	18	99.7%	5 528	5 317
Consultants: Business and advisory services	225	(57)	-	168	167	1	99.7%	650	477
Legal services	1 033	(832)	93	294	294	0	100.0%	678	666
Contractors	435	(286)	-	149	148	1	99.3%	275	232
Agency and support / outsourced services	8	(8)	-	-	-	-	-	302	302

APPROPRIATION STATEMENT

for the year ended 31 March 2021

Programme 1: Administration									
2020/21								2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Entertainment	10	(10)	-	-	-	-	-		
Fleet services	1 221	(679)	121	663	651	12	98.2%	1 301	1 271
Consumable supplies	271	168	73	512	499	13	97.4%	366	179
Consumable: Stationery, printing and office supplies	377	(263)	44	158	116	42	73.2%	553	458
Operating leases	19 013	1 041	2 831	22 885	22 885	0	100.0%	21 622	21 621
Property payments	130	421	-	551	551	0	99.9%	1	0
Travel and subsistence	1 582	3 038	826	5 446	5 414	32	99.4%	10 358	9 610
Training and development	1 005	(778)	-	227	225	2	99.2%	1 028	799
Operating payments	632	(223)	2	411	408	3	99.3%	719	568
Venues and facilities	70	(70)	-	-	-	-	-	455	383
Rental and hiring	124	(124)	-	-	-	-	-	435	428
Transfers and subsidies	-	321	1	322	319	3	99.0%	308	305
Households	-	321	1	322	319	3	99.0%	308	305
Social benefits	-	321	1	322	319	3	99.0%	208	205
Payments for capital assets	3 483	-	(367)	3 116	2 812	304	90.2%	3 715	3 309
Machinery and equipment	3 483	-	(367)	3 116	2 812	304	90.2%	3 715	3 309
Other machinery and equipment	3 483	-	(367)	3 116	2 812	304	90.2%	3 715	3 309
TOTAL	109 388	-	3 707	113 095	111 348	1 747	98.5%	119 475	116 659

APPROPRIATION STATEMENT

for the year ended 31 March 2021

1.1 Ministry									
2020/21								2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	19 390	815	924	21 129	21 101	28	99,9%	25 738	25 677
Compensation of employees	16 964	(1 262)	-	15 702	15 693	9	99,9%	16 760	16 752
Goods and services	2 426	2 077	924	5 427	5 408	19	99,7%	8 978	8 925
Transfers and subsidies	-	130	-	130	130	0	99,7%	151	150
Households	-	130	-	130	130	0	99,7%	151	150
Payments for capital assets	412	(31)	-	381	381	(0)	100,1%	314	314
Machinery and equipment	412	(31)	-	381	381	(0)	100,1%	314	314
Total	19 802	914	924	21 640	21 612	28	99,9%	26 203	26 141

1.2 Departmental Management									
2020/21								2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	14 516	(603)	63	13 976	13 260	716	94,9%	15 022	14 558
Compensation of employees	13 788	(1 041)	-	12 747	12 046	701	94,5%	12 158	12 149
Goods and services	728	438	63	1 229	1 213	16	98,7%	2 864	2 410
Transfers and subsidies	-	27	-	27	27	0	98,7%	126	125
Households	-	27	-	27	27	0	98,7%	126	125
Payments for capital assets	136	28	-	164	164	0	99,9%	135	133
Machinery and equipment	136	28	-	164	164	0	99,9%	135	133
Total	14 652	(548)	63	14 167	13 450	717	94,9%	15 283	14 816

APPROPRIATION STATEMENT

for the year ended 31 March 2021

1.3 Corporate Services

2020/21								2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	49 302	(2 176)	2 968	50 094	49 758	336	99,3%	48 935	47 503
Compensation of employees	19 998	(1 354)	-	18 644	18 397	247	98,7%	18 511	18 489
Goods and services	29 304	(822)	2 968	31 450	31 361	89	99,7%	30 424	29 014
Transfers and subsidies	-	130	1	131	130	1	99,1%	22	22
Households	-	130	1	131	130	1	99,1%	22	22
Payments for capital assets	2 699	(101)	(367)	2 231	1 927	304	86,4%	2 952	2 558
Machinery and equipment	2 699	(101)	(367)	2 231	1 927	304	86,4%	2 952	2 558
Total	52 001	(2 147)	2 602	52 456	51 815	641	98,8%	51 909	50 083

1.4 Financial Management

2020/21								2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	18 829	(34)	112	18 907	18 559	348	98,2%	18 377	18 078
Compensation of employees	11 910	1 108	-	13 018	12 686	332	97,5%	12 387	12 381
Goods and services	6 919	(1 142)	112	5 889	5 873	16	99,7%	5 990	5 697
Transfers and subsidies	-	10	-	10	9	1	92,5%	9	8
Households	-	10	-	10	9	1	92,5%	9	8
Payments for capital assets	198	74	-	272	271	1	99,7%	253	244
Machinery and equipment	198	74	-	272	271	1	99,7%	253	244
Total	19 027	50	112	19 189	18 840	349	98,2%	18 639	18 330

APPROPRIATION STATEMENT

for the year ended 31 March 2021

1.5 Communications									
Economic classification	2021/20							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3 868	1 677	6	5 551	5 539	12	99.8%	7 380	7 228
Compensation of employees	2 862	2 379	-	5 241	5 234	7	99.9%	4 683	4 679
Goods and services	1 006	(702)	6	310	305	5	98.3%	2 697	2 549
Transfers and subsidies	-	24	-	24	23	1	97.6%	-	-
Households	-	24	-	24	23	1	97.6%	-	-
Payments for capital assets	38	30	-	68	68	(0)	100.5%	61	61
Machinery and equipment	38	30	-	68	68	(0)	100.5%	61	61
Total	3 906	1 731	6	5 643	5 631	12	99.8%	7 441	7 288

APPROPRIATION STATEMENT

for the year ended 31 March 2021

Programme 2: Sector Policy and Research									
2020/21								2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Research	10 209	(9)	129	10 329	9 868	461	95.5%	13 358	11 440
2. Policy and Legislation	3 711	116	200	4 027	1 436	2 591	35.7%	5 783	3 666
3. Monitoring and Evaluation	2 524	(107)	(64)	2 353	2 063	290	87.7%	4 723	2 917
4. International Relations	-	-	5	5	4	1	81.4%	1 757	607
Total for sub programmes	16 444	-	270	16 714	13 370	3 344	80.0%	25 621	18 630
Economic classification									
Current payments	16 340	(7)	186	16 519	13 184	3 335	79.8%	25 464	18 475
Compensation of employees	15 271	-	-	15 271	11 967	3 304	78.4%	19 830	13 392
Salaries and wages	13 499	-	-	13 499	10 613	2 886	78.6%	16 824	11 957
Social contributions	1 772	-	-	1 772	1 354	418	76.4%	3 006	1 435
Goods and services	1 069	(7)	186	1 248	1 217	31	97.5%	5 634	5 083
Administrative fees	60	(34)	-	26	24	2	94.1%	122	86
Catering: Departmental activities	130	(130)	-	-	-	-	-	301	21
Communication	210	24	8	242	240	2	99.1%	142	126
Consultants: Business and advisory services	180	(1)	-	179	178	1	99.6%	2 655	2 646
Fleet services	5	13	5	23	20	3	88.3%	21	17
Consumable supplies	-	-	-	-	-	-	-	8	4
Consumable: Stationery, printing and office supplies	22	7	1	30	29	1	98.1%	246	212
Travel and subsistence	452	122	122	696	674	22	96.9%	1 985	1 867
Operating payments	-	(6)	30	24	23	1	96.7%	20	1
Venues and facilities	10	(2)	20	28	27	1	97.3%	134	104
Transfers and subsidies	-	7	(1)	6	6	0	91.9%	-	-
Households	-	7	(1)	6	6	0	91.9%	-	-

APPROPRIATION STATEMENT

for the year ended 31 March 2021

Programme 2: Sector Policy and Research									
2020/21								2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Social benefits	-	7	(1)	6	6	0	91.9%	-	-
Other transfers to households									
Payments for capital assets	104	-	85	189	181	8	95.6%	157	155
Machinery and equipment	104	-	85	189	181	8	95.6%	157	155
Other machinery and equipment	104	-	85	189	181	8	95.6%	157	155
Total	16 444	-	270	16 714	13 370	3 344	80.0%	25 621	18 630

2.1 Research									
2020/21								2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	10 159	(19)	80	10 220	9 759	461	95.5%	13 286	11 368
Compensation of employees	9 759	-	-	9 759	9 313	446	95.4%	11 127	9 450
Goods and services	400	(19)	80	461	446	15	96.7%	2 159	1 918
Transfers and subsidies	-	7	(1)	6	6	0	91.9%	-	-
Households	-	7	(1)	6	6	0	91.9%	-	-
Payments for capital assets	50	3	50	103	103	0	99.8%	72	72
Machinery and equipment	50	3	50	103	103	0	99.8%	72	72
Total	10 209	(9)	129	10 329	9 868	461	95.5%	13 358	11 440

APPROPRIATION STATEMENT

for the year ended 31 March 2021

2.2 Policy and Legislation

2020/21								2019/20	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3 683	117	180	3 980	1 394	2 586	35.0%	5 758	3 641
Compensation of employees	3 378	-	-	3 378	801	2 577	23.7%	2 995	1 078
Goods and services	305	117	180	602	593	9	98.6%	2 763	2 563
Payments for capital assets	28	(1)	20	47	41	6	88.2%	25	26
Machinery and equipment	28	(1)	20	47	41	6	88.2%	25	26
Total	3 711	116	200	4 027	1 436	2 591	35.7%	5 783	3 666

2.3 Monitoring and Evaluation

2020/21								2019/20	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	2 498	(105)	(74)	2 319	2 030	289	87.5%	4 693	2 888
Compensation of employees	2 134	-	-	2 134	1 852	282	86.8%	4 100	2 367
Goods and services	364	(105)	(74)	185	178	7	96.2%	593	521
Payments for capital assets	26	(2)	10	34	32	2	95.4%	30	29
Machinery and equipment	26	(2)	10	34	32	2	95.4%	30	29
Total	2 524	(107)	(64)	2 353	2 063	290	87.7%	4 723	2 917

APPROPRIATION STATEMENT

for the year ended 31 March 2021

2.4 International Relations									
Economic classification	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	1 727	579
Compensation of employees	-	-	-	-	-	-	-	1 608	498
Goods and services	-	-	-	-	-	-	-	119	80
Payments for capital assets	-	-	5	5	4	1	81.4%	30	28
Machinery and equipment	-	-	5	5	4	1	81.4%	30	28
Total	-	-	5	5	4	1	81.4%	1 757	607

APPROPRIATION STATEMENT

for the year ended 31 March 2021

Programme 3: Integrated Cooperative Development									
2020/21								2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Cooperatives Development	9 949	(814)	(430)	8 705	7 464	1 241	85.7%	9 364	8 538
2. Cooperatives Programme Design and Support	69 128	163	(9 133)	60 158	43 118	17 040	71.7%	105 305	99 303
3. Supplier Development and Market Access Support	12 603	651	215	13 469	13 456	13	99.9%	12 359	11 756
Total for sub programmes	91 680	-	(9 348)	82 332	64 038	18 294	77.8%	127 028	119 597
Economic classification									
Current payments	40 615	-	(373)	40 242	32 281	7 961	80.2%	38 636	33 518
Compensation of employees	38 293	-	-	38 293	30 358	7 935	79.3%	33 209	29 170
Salaries and wages	33 004	964	-	33 968	26 945	7 023	79.3%	28 725	25 834
Social contributions	5 289	(964)	-	4 325	3 412	913	78.9%	4 484	3 336
Goods and services	2 322	-	(373)	1 949	1 923	26	98.7%	5 427	4 349
Administrative fees	222	(109)	(49)	64	63	1	97.9%	252	191
Advertising	-	-	-	-	-	-	-	17	-
Minor assets	-	-	-	-	-	-	-	2	1
Catering: Departmental activities	222	(124)	(88)	10	9	1	91.8%	304	145
Communication	354	240	(22)	572	572	0	99.9%	191	183
Consultants: Business and advisory services	275	(148)	(127)	-	-	-	-	10	-
Contractors	-	-	-	-	-	-	-	10	-
Fleet services	83	(27)	(5)	51	46	5	89.3%	143	124
Consumable supplies	-	2	-	2	1	1	27.8%	14	9
Consumable: Stationery, printing and office supplies	37	(37)	-	-	-	-	-	100	88
Travel and subsistence	1 129	200	(82)	1 247	1 231	16	98.7%	4 341	3 590
Operating payments	-	3	-	3	3	0	93.3%	43	17

APPROPRIATION STATEMENT

for the year ended 31 March 2021

Programme 3: Integrated Cooperative Development									
2020/21								2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	50 754	-	(9 148)	41 606	31 275	10 331	75.2%	87 984	85 698
Public corporations and private enterprises	50 754	-	(9 300)	41 454	31 124	10 330	75.1%	87 984	85 698
Private enterprises	50 754	-	(9 300)	41 454	31 124	10 330	75.1%	87 984	85 698
Other transfers to private enterprises	50 754	-	(9 300)	41 454	31 124	10 330	75.1%	87 984	85 698
Households	-	-	152	152	151	1	99.6%	-	-
Other transfers to households	-	-	152	152	151	1	99.6%	-	-
Payments for capital assets	311	-	173	484	482	2	99.7%	408	380
Machinery and equipment	311	-	173	484	482	2	99.7%	408	380
Other machinery and equipment	311	-	173	484	482	2	99.7%	408	380
Total	91 680	-	(9 348)	82 332	64 038	18 294	77.8%	127 028	119 597

3.1 Cooperatives Development									
2020/21								2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	9 869	(814)	(431)	8 624	7 384	1 240	85.6%	9 297	8 476
Compensation of employees	9 012	(621)	-	8 391	7 157	1 234	85.3%	7 608	7 487
Goods and services	857	(193)	(431)	233	227	6	97.2%	1 689	989
Payments for capital assets	80	-	1	81	81	0	99.6%	67	62
Machinery and equipment	80	-	1	81	81	0	99.6%	67	62
Total	9 949	(814)	(430)	8 705	7 464	1 241	85.7%	9 364	8 538

APPROPRIATION STATEMENT

for the year ended 31 March 2021

3.2 Cooperatives Programme Design and Support

2020/21								2019/20	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	18 264	172	25	18 461	11 752	6 709	63.7%	17 102	13 399
Compensation of employees	17 656	-	-	17 656	10 958	6 698	62.1%	15 334	11 772
Goods and services	608	172	25	805	794	11	98.6%	1 768	1 627
Transfers and subsidies	50 754	-	(9 300)	41 454	31 124	10 330	75.1%	87 984	85 698
Public corporations and private enterprises	50 754	-	(9 300)	41 454	31 124	10 330	75.1%	87 984	85 698
Payments for capital assets	110	(9)	142	243	242	1	99.6%	219	206
Machinery and equipment	110	(9)	142	243	242	1	99.6%	219	206
Total	69 128	163	(9 133)	60 158	43 118	17 040	71.7%	105 305	99 303

3.3 Supplier Development and Market Access Support

2020/21								2019/20	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	12 482	642	33	13 157	13 145	12	99.9%	12 237	11 644
Compensation of employees	11 625	621	-	12 246	12 242	4	100.0%	10 267	9 911
Goods and services	857	21	33	911	903	8	99.1%	1 970	1 733
Transfers and subsidies	-	-	152	152	151	1	99.6%	-	-
Households	-	-	152	152	151	1	99.6%	-	-
Payments for capital assets	121	9	30	160	160	0	99.9%	122	112
Machinery and equipment	121	9	30	160	160	0	99.9%	122	112
Total	12 603	651	215	13 469	13 456	13	99.9%	12 359	11 756

APPROPRIATION STATEMENT

for the year ended 31 March 2021

Programme 4: Enterprise Development and Entrepreneurship									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Enterprise and Supplier Development	2 015 792	(1 943)	(3 822)	2 010 027	2 009 831	196	100.0%	1 783 177	1 782 845
2. SMMEs Programme Design and Support	41 272	4 240	9 256	54 768	50 081	4 687	91.4%	209 742	190 445
3. SMMEs Competitiveness Entrepreneurship	3 227	(2 297)	(63)	867	527	340	60.8%	3 509	604
Total for sub programmes	2 060 291	0	5 371	2 065 662	2 060 438	5 224	99.7%	1 996 428	1 973 894
Economic classification									
Current payments	33 191	105	(238)	33 058	29 974	3 084	90.7%	38 599	33 787
Compensation of employees	31 597	-	-	31 597	28 574	3 023	90.4%	33 979	30 061
Salaries and wages	25 956	1 669	-	27 625	24 958	2 667	90.3%	30 226	26 354
Social contributions	5 641	(1 669)	-	3 972	3 616	356	91.0%	3 753	3 707
Goods and services	1 594	105	(238)	1 461	1 400	61	95.8%	4 620	3 726
Administrative fees	217	(106)	(57)	54	51	3	94.4%	188	128
Advertising	-	77	-	77	70	7	90.4%	-	-
Catering: Departmental activities	197	(157)	(34)	6	4	2	72.0%	267	108
Communication	203	170	(10)	363	359	4	98.8%	140	128
Consultants: Business and advisory services	-	-	-	-	-	-	-	159	-
Contractors	-	-	-	-	-	-	-	134	133
Fleet services	84	(23)	(26)	35	31	4	89.0%	168	72
Consumable supplies	-	-	-	-	-	-	-	17	7
Consumable: Stationery, printing and office supplies	37	1	(22)	16	13	3	83.8%	151	112
Operating leases	-	-	-	-	-	-	-	1	1
Travel and subsistence	856	92	(89)	859	822	37	95.7%	3 079	2 732
Operating payments	-	1	-	1	1	0	59.1%	9	1

APPROPRIATION STATEMENT

for the year ended 31 March 2021

Programme 4: Enterprise Development and Entrepreneurship									
2020/21								2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Venues and facilities	-	50	-	50	49	1	98.6%	307	307
Transfers and subsidies	2 026 774	(105)	5 500	2 032 169	2 030 032	2 137	99.9%	1 957 444	1 939 727
Departmental agencies and accounts	824 478	9 903	-	834 381	834 381	(0)	100.0%	882 763	882 763
Departmental agencies	824 478	9 903	-	834 381	834 381	(0)	100.0%	882 763	882 763
Public corporations and private enterprises	1 202 296	(11 341)	5 500	1 196 455	1 194 331	2 124	99.8%	1 074 600	1 056 884
Public corporations	1 169 500	(200)	(3 800)	1 165 500	1 165 500	-	100.0%	884 860	884 860
Other transfers to public corporations	1 169 500	(200)	(3 800)	1 165 500	1 165 500	-	100.0%	884 860	884 860
Private enterprises	32 796	(11 141)	9 300	30 955	28 831	2 124	93.1%	189 740	172 024
Other transfers to private enterprises	32 796	(11 141)	9 300	30 955	28 831	2 124	93.1%	189 740	172 024
Non-profit institutions	-	1 238	-	1 238	1 238	0	100.0%		
Households	-	95	-	95	82	13	86.4%	81	80
Social benefits	-	95	-	95	82	13	86.4%	81	80
Payments for capital assets	326	-	109	435	432	3	99.4%	385	380
Machinery and equipment	326	-	109	435	432	3	99.4%	385	380
Other machinery and equipment	326	-	109	435	432	3	99.4%	385	380
Total	2 060 291	0	5 371	2 065 662	2 060 438	5 224	99.7%	1 996 428	1 973 894

APPROPRIATION STATEMENT

for the year ended 31 March 2021

4.1 Enterprise and Supplier Development

Economic classification	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	10 601	(1 791)	(52)	8 758	8 563	195	97.8%	10 768	10 439
Compensation of employees	9 962	(1 874)	-	8 088	7 924	164	98.0%	8 631	8 580
Goods and services	639	83	(52)	670	639	31	95.4%	2 137	1 858
Transfers and subsidies	2 005 119	(161)	(3 800)	2 001 158	2 001 158	0	100.0%	1 772 335	1 772 334
Departmental agencies and accounts	824 478	9 903	-	834 381	834 381	(0)	100.0%	882 763	882 763
Public corporations and private enterprises	1 180 641	(11 341)	(3 800)	1 165 500	1 165 500	-	100.0%	889 560	889 560
Non-profit institutions		1 238	-	1 238	1 238	0	100.0%	-	-
Households	-	39	-	39	39	0	99.8%	12	11
Payments for capital assets	72	9	30	111	110	1	99.3%	74	72
Machinery and equipment	72	9	30	111	110	1	99.3%	74	72
Total	2 015 792	(1 943)	(3 822)	2 010 027	2 009 831	196	100.0%	1 783 177	1 782 845

APPROPRIATION STATEMENT

for the year ended 31 March 2021

4.2 SMMEs Programme Design and Support

2020/21								2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	19 379	4 199	(123)	23 455	20 894	2 561	89.1%	24 341	22 763
Compensation of employees	18 571	4 137	-	22 708	20 168	2 540	88.8%	22 091	20 987
Goods and services	808	62	(123)	747	725	22	97.1%	2 250	1 776
Transfers and subsidies	21 655	44	9 300	30 999	28 874	2 125	93.1%	185 109	167 393
Public corporations and private enterprises	21 655	-	9 300	30 955	28 831	2 124	93.1%	185 040	167 324
Households	-	44	-	44	43	1	98.0%	69	69
Payments for capital assets	238	(3)	79	314	313	1	99.6%	292	290
Machinery and equipment	238	(3)	79	314	313	1	99.6%	292	290
Total	41 272	4 240	9 256	54 768	50 081	4 687	91.4%	209 742	190 445

4.3 SMMEs Competitiveness Entrepreneurship

2020/21								2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3 211	(2 303)	(63)	845	518	327	61.3%	3 490	586
Compensation of employees	3 064	(2 263)	-	801	482	319	60.2%	3 257	493
Goods and services	147	(40)	(63)	44	36	8	81.2%	233	92
Transfers and subsidies	-	12	-	12	-	12	-	-	-
Households	-	12	-	12	-	12	-	-	-
Payments for capital assets	16	(6)	-	10	9	1	92.4%	19	18
Machinery and equipment	16	(6)	-	10	9	1	92.4%	19	18
Total	3 227	(2 297)	(63)	867	527	340	60.8%	3 509	604

NOTES TO THE APPROPRIATION STATEMENTS

for the year ended 31 March 2021

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

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-G) to the Annual Financial Statements.

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

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

3. Detail on payments for financial assets

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

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

4.1 Per programme

	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Administration	113 095	111 348	1 747	2%
Sector Policy and Research	16 714	13 370	3 344	20%
Integrated Cooperatives Development	82 332	64 038	18 294	22%
Enterprise Development and Entrepreneurship	2 065 662	2 060 438	5 224	0%

Programme Two: Sector Policy and Research: Vacancies led Compensation of Employees contributing R3.3 million to the under expenditure due to vacancies, whilst Goods and Services underspent by R31 thousand mainly on travel and subsistence.

Programme Three: Integrated Cooperatives Development: Delays in the assessment of approved applications for the outstanding provisions by Seda led to the CIS underspending by R10.3 million, whilst vacancies led to Compensation of Employees contributing R7.9 million to the under expenditure due to vacancies.

NOTES TO THE APPROPRIATION STATEMENTS

for the year ended 31 March 2021

4.2 Per economic classification

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Current payments				
Compensation of employees	150 513	134 955	15 558	10%
Goods and services	48 963	48 702	261	0.5%
Transfers and subsidies				
Departmental agencies and accounts	834 381	834 381	-	0%
Public corporations and private enterprises	1 237 909	1 225 455	12 454	1%
Non-profit institutions	1 238	1 238	-	0%
Households	575	558	17	3%
Payments for capital assets	4 224	3 907	317	8%
Machinery and equipment	4 224	3 907	317	8%

The Department spent R2.249 billion (98.7%) of the Adjusted budget of R2.278 billion resulting in a under expenditure of R28.6 million (1.3%). The economic classification contribution to the underspending are as follows:

Compensation of Employees – Existing vacancies contributed 10% amounting to R15.6 million.

Capital asset – Minor asset budget incorrectly budgeted for under major assets contributed 8% amounting to R317 thousand.

Transfers and Subsidies – Black Business Supplier Development Programme (BBSDP) and Co-operatives Development Programme (CIS) underspending of 0.6% amounting to R12.5 million.

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2021

	Note	2020/21	2019/20
		R'000	R'000
REVENUE			
Annual appropriation	1	2 277 803	2 268 552
Departmental revenue	2	300	23 257
Aid assistance	3	319 315	166 337
TOTAL REVENUE		2 597 418	2 458 146
EXPENDITURE			
Current expenditure			
Compensation of employees	4	134 955	137 073
Goods and services	5	48 702	61 752
Aid assistance	3	731	30
Total current expenditure		184 388	198 855
Transfers and subsidies			
Transfers and subsidies	6	2 061 631	2 025 730
Aid assistance	3	318 421	162 200
Total transfers and subsidies		2 380 052	2 187 930
Expenditure for capital assets			
Tangible assets	7	3 907	4 224
Intangible assets	7	-	-
Total expenditure for capital assets		3 907	4 224
TOTAL EXPENDITURE		2 568 347	2 391 009
SURPLUS/(DEFICIT) FOR THE YEAR		29 071	67 137

Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		28 608	39 773
Annual appropriation		28 608	39 773
Conditional grants			
Departmental revenue and NRF Receipts	2	300	23 257
Aid assistance	3	163	4 107
SURPLUS/(DEFICIT) FOR THE YEAR		29 071	67 137

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2021

	Note	2020/21	2019/20
		R'000	R'000
ASSETS			
Current assets		19 248	31 610
Cash and cash equivalents	8	19 094	23 443
Prepayments and advances	9	48	8 135
Receivables	10	106	32
Non-current assets		2 210	2 091
Receivables	10	2 210	2 091
TOTAL ASSETS		21 458	33 701
LIABILITIES			
Current liabilities		19 472	31 819
Voted funds to be surrendered to the Revenue Fund	11	18 608	27 556
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	12	3	3
Payables	13	560	153
Aid assistance repayable	3	234	3 969
Aid assistance unutilised	3	67	138
TOTAL LIABILITIES		19 472	31 819
NET ASSETS		1 986	1 882

	Note	2020/21	2019/20
		R'000	R'000
Represented by:			
Recoverable revenue		1 986	1 882
TOTAL		1 986	1 882

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2021

	Note	2020/21		2019/20
		R'000		R'000
Capitalisation Reserves				
Recoverable revenue				
Opening balance		1 882		1 750
Transfers:		104		132
Debts raised		104		132
Closing balance		1 986		1 882
TOTAL		1 986		1 882

CASH FLOW STATEMENT

for the year ended 31 March 2021

	<i>Note</i>	2020/21	2019/20
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		2 587 297	2 445 784
Annual appropriated funds received	1.1	2 267 803	2 256 335
Departmental revenue received	2.1 & 2.4	176	23 086
Interest received	2.2	3	26
Aid assistance received	3	319 315	166 337
Net (increase)/decrease in working capital		8 420	(7 463)
Surrendered to Revenue Fund		(27 856)	(92 192)
Surrendered to RDP Fund/Donor		(3 969)	-
Current payments		(184 388)	(198 855)
Transfers and subsidies paid		(2 380 052)	(2 187 930)
Net cash flow available from operating activities	14	(548)	(40 656)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	7	(3 907)	(4 224)
Proceeds from sale of capital assets	2.3	121	145
(Increase)/decrease in non-current receivables		(119)	(154)
Net cash flows from investing activities		(3 905)	(4 233)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		104	132
Net cash flows from financing activities		104	132
Net increase/(decrease) in cash and cash equivalents		(4 349)	(44 757)
Cash and cash equivalents at beginning of period		23 443	68 200
Cash and cash equivalents at end of period	8	19 094	23 443

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

Summary of significant accounting policies

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

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

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

1. Basis of preparation

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

2. Going concern

The financial statements have been prepared on a going concern basis.

3. Presentation currency

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

4. Rounding

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

5. Comparative information

5.1 Prior period comparative information

Prior period comparative information has been presented in the current year's financial statements. Where necessary

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

5.2 Current year comparison with budget

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

6. Revenue

6.1 Appropriated funds

Appropriated funds 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.

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

6.2 Departmental revenue

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

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

7. Expenditure

7.1 Compensation of employees

7.1.1 Salaries and wages

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

7.1.2 Social contributions

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

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

7.2 Other expenditure

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

7.3 Accruals and payables not recognised

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

7.4 Leases

7.4.1 Operating leases

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

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

Operating lease payments received are recognised as departmental revenue.

7.4.2 Finance leases

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

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

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

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

Finance lease payments received are recognised as departmental revenue.

8. Aid Assistance

8.1 Aid assistance received

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

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

8.2 Aid assistance paid

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

9. Cash and cash equivalents

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

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

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

10. Prepayments and advances

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

Prepayments and advances are initially and subsequently measured at cost.

Prepayment are expensed monthly when the subscription becomes due.

Advances are expensed on receipt of compliant supporting vouchers

11. Loans and receivables

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

12. Financial assets

12.1 Financial assets (not covered elsewhere)

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

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

12.2 Impairment of financial assets

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

13. Payables

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

14. Capital Assets

14.1 Movable capital assets

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

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.

Biological assets are subsequently carried at fair value

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

14.2 Intangible assets

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

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

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

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

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

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

15. Provisions and Contingents

15.1 Provisions

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

15.2 Contingent liabilities

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

15.3 Contingent assets

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

15.4 Capital commitments

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

16. Unauthorised expenditure

Unauthorised expenditure is recognised in the statement of financial position 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 is measured at the amount of the confirmed unauthorised expenditure.

17. Fruitless and wasteful expenditure

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

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

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

18. Irregular expenditure

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

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

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

19. 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.

20. 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.

21. Related party transactions

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

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

22. 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.

23. Employee benefits

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

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:

	2020/21			2019/20		
	Final Appropriation	Actual Funds Received	Funds not requested/not received	Final Appropriation	Appropriation received	Funds not requested /not received
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	113 095	103 388	9 707	124 388	124 263	125
Sector Policy and Research	16 714	16 444	270	32 315	30 223	2 092
Integrated Cooperative Development	82 332	109 567	(27 235)	129 028	129 028	-
Enterprise Development & Entrepreneurship	2 065 662	2 038 404	27 258	1 982 821	1 972 821	10 000
Total	2 277 803	2 267 803	10 000	2 268 552	2 256 335	12 217

Low spending on compensation of employees due to vacant positions.

2. Departmental revenue

	Note	2020/21	2019/20
		R'000	R'000
Sales of goods and services other than capital assets	2.1	58	58
Interest, dividends and rent on land	2.2	3	26
Sales of capital assets	2.3	121	145
Transactions in financial assets and liabilities	2.4	118	23 028
Total revenue collected		300	23 257
Departmental revenue collected		300	23 257

The revenue collected is made of sale of motor vehicle (R121 thousand); employee parking rent collected (R22 thousand); commission received on third party deductions such as insurance/premiums from employee' salaries (R36 thousand); interest received from the commercial bank (R3 thousand); and departmental debts recovered (R118 thousand)

2.1 Sales of goods and services other than capital assets

	Note	2020/21	2019/20
	2	R'000	R'000
Sales of goods and services produced by the department		58	58
Sales by market establishment		22	24
Other sales		36	34
Total		58	58

Employee parking rent collected, and commission received on third party deductions such as insurance/premiums from employee' salaries.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

2.2 Interest, dividends and rent on land

	Note	2020/21	2019/20
	2	R'000	R'000
Interest		3	26
Total		3	26

Interest received from the commercial bank.

2.3 Sale of capital assets

	Note	2020/21	2019/20
	2	R'000	R'000
Tangible assets		121	145
Machinery and equipment	26	121	145
Total		121	145

Proceedings from cash disposal of an old vehicle.

2.4 Transactions in financial assets and liabilities

	Note	2020/21	2019/20
	2	R'000	R'000
Other Receipts including Recoverable Revenue		118	23 028
Total		118	23 028

Money recovered from departmental debts.

3. Aid assistance

	Note	2020/21	2019/20
		R'000	R'000
Opening Balance		4 107	-
Prior period error			-
As restated		4 107	-
Transferred from statement of financial performance		163	4107
Paid during the year		(3 969)	-
Closing Balance		301	4 107

Outstanding balance of funds received from the European Union for the EDSE project and from the Local Government SETA for the compensation of interns.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

3.1 Analysis of balance by source

	Note	2020/21	2019/20
		R'000	R'000
Aid assistance from RDP		234	3 969
Aid assistance from other sources		67	138
Closing balance	3	301	4 107

Outstanding balance of funds received from the European Union for the EDSE project and from the Local Government SETA for the compensation of interns.

3.2 Analysis of balance

	Note	2020/21	2019/20
		R'000	R'000
Aid assistance unutilised		67	138
Aid assistance repayable		234	3 969
Closing balance	3	301	4 107

3.3 Aid assistance expenditure per economic classification

	Note	2020/21	2019/20
		R'000	R'000
Current		731	30
Transfers and subsidies		318 421	162 200
Total aid assistance expenditure		319 152	162 230

4. Compensation of employees

4.1 Salaries and Wages

	Note	2020/21	2019/20
		R'000	R'000
Basic salary		94 058	95 076
Performance award		1 111	1 151
Service Based		1 275	78
Compensative/circumstantial		80	1 758
Periodic payments		-	87
Other non-pensionable allowances		23 106	23 407
Total		119 630	121 557

Service based increased due to the leave pay out to suspended employees, and because of Covid-19 officials worked from home hence a decrease in compensative/circumstantial.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

4.2 Social contributions

	Note	2020/21	2019/20
		R'000	R'000
Employer contributions			
Pension		11 891	12 223
Medical		3 413	3 274
Bargaining council		21	19
Total		15 325	15 516
Total compensation of employees		134 955	137 073
Average number of employees		212	200

5. Goods and services

	Note	2020/21	2019/20
		R'000	R'000
Administrative fees		267	762
Advertising		211	359
Minor assets	5.1	181	72
Bursaries (employees)		590	417
Catering		219	1 202
Communication		3 076	1 345
Computer services	5.2	6 292	5 317
Consultants: Business and advisory services		346	3 122
Legal services		294	666
Contractors		148	364
Agency and support / outsourced services		-	302
Audit cost – external	5.3	3 358	3 244
Fleet services		748	1 482
Consumables	5.4	657	1 070
Operating leases		22 885	21 622
Property payments	5.5	551	-
Rental and hiring		-	428
Travel and subsistence	5.6	8 142	17 798
Venues and facilities		77	794
Training and development		225	799
Other operating expenditure	5.7	435	587
Total		48 702	61 752

Key cost drivers

- Operating lease: The operating lease expenditure is largely made of payments made towards the dtic for office space rental.
- Travel and subsistence: The expenditure is due to the nature of the business that the department provides which requires officials to travel consistently.
- Computer services: Payments to SITA for the desktop support services provided to DSBD
- Audit costs: The expenditure is for the regulatory audit work carried out by AGSA.
- Communication: Data and calls expenditure cost as most officials are working from home.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

5.1 Minor assets

	Note	2020/21	2019/20
	5	R'000	R'000
Tangible assets		181	72
Machinery and equipment		181	72
Total		181	72

5.2 Computer services

	Note	2020/21	2019/20
	5	R'000	R'000
SITA computer services		4 743	4 402
External computer service providers		1 549	915
Total		6 292	5 317

Desktop support services - SITA and Microsoft annual license fee

5.3 Audit cost – External

	Note	2020/21	2019/20
	5	R'000	R'000
Regularity audits		3 358	2 885
Investigations		-	359
Total		3 358	3 244

Regulatory audits carried out by AGSA.

5.4 Consumables

	Note	2020/21	2019/20
	5	R'000	R'000
Consumable supplies		499	200
Uniform and clothing		31	35
Household supplies		97	76
Building material and supplies		93	13
Communication accessories		-	3
IT consumables		25	32
Other consumables		253	41
Stationery, printing and office supplies		158	870
Total		657	1 070

Other consumables consist of gifts bought for employees hospitalised and PPE for Covid-19

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

5.5 Property payments

	Note	2020/21	2019/20
	5	R'000	R'000
Other		551	-
Total		551	-

Other property payments consist of payment for cleaning and disinfecting office building.

5.6 Travel and subsistence

	Note	2020/21	2019/20
	5	R'000	R'000
Local		7 666	15 279
Foreign		476	2 519
Total		8 142	17 798

Official trips by DSBD officials

5.7 Other operating expenditure

	Note	2020/21	2019/20
	5	R'000	R'000
Professional bodies, membership and subscription fees		9	9
Resettlement costs		-	11
Other		426	567
Total		435	587

Other operating expenditure includes storage and roadworthy test.

6. Transfers and subsidies

		2020/21	2019/20
		R'000	R'000
	Note		
Departmental agencies and accounts	Annexure 1A	834 381	882 763
Public corporations and private enterprises	Annexure 1B	1 225 455	1 142 582
Non-profit institutions	Annexure 1C	1 238	-
Households	Annexure 1D	557	385
Total		2 061 631	2 025 730

Transfers to Small Enterprise Development Agency (Seda), Small Enterprise Finance Agency (sefa) and DSBD internally administered interventions i.e., Black Business Supplier Development Programme (BBSDP); Cooperatives Incentives Scheme (CIS); NIBUS; Craft customized sector; and leave discounting for ex-employees.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

7. Expenditure for capital assets

	Note	2020/21	2019/20
		R'000	R'000
Tangible assets		3 907	4 224
Machinery and equipment	26	3 907	4 224
Total		3 907	4 224

7.1 Analysis of funds utilised to acquire capital assets – 2020/21

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	3 907	-	3 907
Machinery and equipment	3 907	-	3 907
Total	3 907	-	907

7.2 Analysis of funds utilised to acquire capital assets – 2019/20

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	4 224	-	4 224
Machinery and equipment	4 224	-	4 224
Total	4 224	-	4 224

7.3 Finance lease expenditure included in Expenditure for capital assets

	Note	2020/21	2019/20
		R'000	R'000
Tangible assets			
Machinery and equipment		2 547	2 706
Total		2 547	2 706

8. Cash and cash equivalents

	Note	2020/21	2019/20
		R'000	R'000
Consolidated Paymaster General Account		18 734	22 611
Disbursements		294	766
Cash on hand		66	66
Total		19 094	23 443

Rejected CIS payment in March 2020. The bank interfaced in April which left the UNP/RC BAS CNTR ACC:DOM with a R294 thousand balance.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

9. Prepayments and advances

	Note	2020/21	2019/20
		R'000	R'000
Travel and subsistence		-	7
Prepayments (Not expensed)	9.2	48	26
Advances paid (Not expensed)	9.1	-	8 102
Total		48	8 135

Outstanding balance from the advance paid over to Multichoice.

9.1 Advances paid (Not expensed)

	Note	Balance as at 1 April 2020	Less: Amount expensed in current year	Add or Less: Other	Add: Current Year advances	Balance as at 31 March 2021
	9	R'000	R'000	R'000	R'000	R'000
National departments		259	(259)	-	-	-
Public entities		7 843	(7 843)	-	-	-
Total		8 102	(8 102)	-	-	-

International travel advances to DIRCO for facilitating international official travel, and advance to the NYDA for the Braai Café programme and 1000 Youth Owned Business Support cleared during the period under review.

	Note	Balance as at 1 April 2019	Less: Amount expensed in current year	Add or Less: Other	Add: Current Year advances	Balance as at 31 March 2020
	9	R'000	R'000	R'000	R'000	R'000
National departments		394	(1 135)	-	1 000	259
Public entities		-	(8 957)	-	16 800	7 843
Total		394	(10 092)	-	17 800	8 102

9.2 Prepayments (Not expensed)

	Note	Balance as at 1 April 2020	Less: Amount expensed in current year	Add or Less: Other	Add: Current Year prepayments	Balance as at 31 March 2021
Listed by economic classification	9	R'000	R'000	R'000	R'000	R'000
Goods and services		26	(33)	-	55	48
Total		26	(33)	-	55	48

	Note	Balance as at 1 April 2019	Less: Amount expensed in current year	Add or Less: Other	Add: Current Year prepayments	Balance as at 31 March 2020
Listed by economic classification	9	R'000	R'000	R'000	R'000	R'000
Goods and services		5	(36)	-	57	26
Total		5	(36)	-	57	26

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

10. Receivables

		2020/21			2019/20		
	Note	Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	10.1	84	-	84	2	-	2
Recoverable expenditure	10.2	16	-	16	15	-	15
Staff debt	10.3	5	98	103	15	73	88
Other receivables	10.4	-	2 112	2 112	-	2 018	2 018
Fruitless and wasteful expenditure	10.5	1	-	1	-	-	-
Total		106	2 210	2 316	32	2 091	2 123

10.1 Claims recoverable

	Note	2021/20	2019/20
	10 and Annex 3	R'000	R'000
National departments		78	2
Provincial departments		6	-
Total		84	2

Cash award paid on behalf of other government departments for officials who joined DSBD during the year.

10.2 Recoverable expenditure (disallowance accounts)

	Note	2021/20	2019/20
	10	R'000	R'000
Sal: Tax debt		10	15
Sal: Reversal Control		6	-
Total		16	15

10.3 Staff debt

	Note	2021/20	2019/20
	10	R'000	R'000
Salary overpayment		69	68
Tax debt		21	20
Cellphone debt		8	-
Bursary debt		5	-
Total		103	88

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

10.4 Other receivables

	Note	2021/20	2019/20
	10	R'000	R'000
Grant incentives overpayments or non-performance		2 112	2 018
Total		2 112	2 018

Balance owing from overpayments to service providers related to the CIS and BBSDP; Legal services is requested to prepare a supporting document to write off these debts.

10.5 Fruitless and wasteful expenditure

	Note	2021/20	2019/20
	10	R'000	R'000
Opening balance		-	-
Transfers from note 32 Fruitless and Wasteful Expenditure		1	-
Total		1	-

10.6 Impairment of receivables

	Note	2021/20	2019/20
	10	R'000	R'000
Estimate of impairment of receivables		2 112	2 018
Total		2 112	2 018

Balance owing from overpayments to service providers related to the CIS and BBSDP; Legal services is requested to prepare a supporting document to write off these debts.

11. Voted funds to be surrendered to the Revenue Fund

	Note	2021/20	2019/20
		R'000	R'000
Opening balance		27 556	68 935
Prior period error			-
As restated		27 556	68 935
Transfer from statement of financial performance (as restated)		28 608	39 773
Voted funds not requested/not received	1.1	(10 000)	(12 217)
Paid during the year		(27 556)	(68 935)
Closing balance		18 608	27 556

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

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

	Note	2021/20	2019/20
		R'000	R'000
Opening balance		3	3
Prior period error		-	-
As restated		3	3
Transfer from Statement of Financial Performance (as restated)		300	23 257
Paid during the year		(300)	(23 257)
Closing balance		3	3

13. Payables – current

	Note	2021/20	2019/20
		R'000	R'000
Clearing accounts	13.1	560	153
Total		560	153

Clearing accounts (sal: income tax and sal: pension fund) increased due to performance awards paid towards the end of financial year.

13.1 Clearing accounts

	Note	2021/20	2019/20
	13	R'000	R'000
Description			
Sal: Pension Fund		22	38
Sal: Income Tax		538	115
Total		560	153

14. Net cash flow available from operating activities

	Note	2021/20	2019/20
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		29 071	67 137
Add back non cash/cash movements not deemed operating activities		(29 619)	(107 793)
(Increase)/decrease in receivables		(74)	40
(Increase)/decrease in prepayments and advances		8 087	(7 648)
Increase/(decrease) in payables – current		407	145
Proceeds from sale of capital assets		(121)	(145)
Expenditure on capital assets		3 907	4 224
Surrenders to Revenue Fund		(27 856)	(92 192)
Surrenders to RDP Fund/Donor		(3 969)	-
Voted funds not requested/not received		(10 000)	(12 217)
Net cash flow generated by operating activities		(548)	(40 656)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

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

	Note	2021/20	2019/20
		R'000	R'000
Consolidated Paymaster General account		18 734	22 611
Disbursements		294	766
Cash on hand		66	66
Cash with commercial banks (Local)			
Total		19 094	23 443

16. Contingent liabilities and contingent assets**16.1 Contingent liabilities**

	Note	2021/20	2019/20
		R'000	R'000
Liable to Nature			
Claims against the department	Annex 3B	-	152
Total		-	152

The matter was long outstanding and could not be found in either the Labour Court or with the State Attorney hence it was cancelled.

16.2 Contingent assets

	Note	2021/20	2019/20
		R'000	R'000
Nature of contingent asset			
BBSDP Incentives		245	393
CIS Incentives		201	201
Total		446	594

BBSDP:

Litigation matters inherited from the dtic (2016) where recovery processes were instituted against companies for fraudulent claims and benefits.

Fraudulent claims worth R315 thousand reported during the 2017/18 financial year the State Attorney is assisting the Department with the recovery process.

CIS:

The supplier was approved by the CIS adjudication Committee for the value of R201 thousand but failed to deliver the equipment. Legal Unit is handling the recovery process.

Forensic investigation outcomes:

DSBD engaged the services of the Office of the Auditor General of SA to conduct a forensic investigation into the administration of the Department's 2 incentive schemes. The findings of the report include allegations of fraud, misrepresentation, and non-compliance of Departmental Guidelines on the part of officials responsible for the administration of the schemes as well as allegations of collusion and fraud in respect of applicants, beneficiaries and service providers who were awarded funding in terms of the schemes. This has resulted in 9 officials of the Department being placed on precautionary suspension to follow the relevant employee relations process. Of the 9 officials, 4 has since been cleared whilst the remaining 5 were dismissed.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

17. Capital commitments

	Note	2021/20	2019/20
		R'000	R'000
<i>Specify class of asset</i>			
Computer Equipment		-	245
CPR Equipment		6	-
Total		6	245

18. Accruals and payables not recognised

18.1 Accruals

		2021/20	2019/20
		R'000	R'000
Listed by economic classification			
	30 Days	30+ Days	Total
Goods and services	1 432	444	1 876
Capital assets	13	12	25
Total	1 445	456	1 901

	Note	2021/20	2019/20
		R'000	R'000
Listed by programme level			
Administration		1 544	2 737
Sector Policy and Research		55	88
Integrated Cooperative Development		131	278
Enterprise Development and Entrepreneurship		171	147
Total		1 901	3 250

19. Employee benefits

	Note	2021/20	2019/20
		R'000	R'000
Leave entitlement		9 103	4 906
Service bonus		3 199	3 187
Performance awards		753	1 217
Capped leave		752	1 082
Other		-	-
Total		13 807	10 392

Leave entitlement due to employees working from home, therefore not utilising their annual leave days.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

20. Lease commitments**20.1 Operating leases**

2020/21	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	-	-	4 292	-	4 292
Later than 1 year and not later than 5 years	-	-	-	-	-
Later than five years	-	-	-	-	-
Total lease commitments	-	-	4 292	-	4 292

2019/20	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 five years	-	-	-	-	-
Total lease commitments	-	-	-	-	-

20.2 Finance leases **

2020/21	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	-	-	-	1 119	1 119
Later than 1 year and not later than 5 years	-	-	-	23	23
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	1 142	1 142

2019/20	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	2 347	2 347
Later than 1 year and not later than 5 years	-	-	-	534	534
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	2 881	2 881

Contract with Vodacom for cell phones and data, and Minolta for photocopying machines.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

21. Irregular expenditure**21.1 Reconciliation of irregular expenditure**

	Note	2020/21	2019/20
		R'000	R'000
Opening balance		217	947
Prior period error			
As restated		217	947
Add: Irregular expenditure – relating to prior year		117	146
Add: Irregular expenditure – relating to current year		1 347	350
Less: Prior year amounts condoned		(111)	(1 226)
Closing balance		1 570	217

Analysis of closing balance			
Current year		1 464	217
Prior years		106	-
Total		1 570	217

21.2 Details of current and prior year irregular expenditure – added current year (under determination and investigation)

Incident	Disciplinary steps taken/criminal proceedings	2020/21 R'000
Rate per person for the conference facility excluded water	A non-compliance letter was issued to the responsible official, and representation was submitted to CFO for consideration.	4
Procurement of vehicles from g-Fleet for the period 1 February 2020 to 31 March 2021 without following the provisions of section 8.5 of Instruction Note 3 of 2016/2017	Disciplinary measures in progress	1 460
Total		1 464

21.3 Details of irregular expenditure condoned.

Incident	Condoned by (relevant authority)	2020/21 R'000
Expenditure incurred as a result of paying the service provider more than the contracted amount.	National Treasury	111
Total		111

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

22. Fruitless and wasteful expenditure**22.1 Reconciliation of fruitless and wasteful expenditure**

	Note	2020/21	2019/20
		R'000	R'000
Opening balance		14	6
Prior period error			
As restated		14	6
Fruitless and wasteful expenditure – relating to prior year		-	14
Fruitless and wasteful expenditure – relating to current year		1	-
Less: Amounts recoverable	15.6	(1)	(6)
Less: Amounts written off		-	-
Closing balance		14	14

22.2 Details of current and prior year fruitless and wasteful expenditure – added current year (under determination and investigation)

Incident	Disciplinary steps taken/criminal proceedings	2020/21 R'000
No show on travel accommodation.	Funds to be recovered from the official.	1
Total		1

23. Related party transactions

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

Small Enterprise Development Agency (**Seda**)

Small Enterprise Finance Agency (**sefa**)

Transfers to **sefa** are still done by the Department: Trade, Industry and Competition (**the dtic**)

Transfers to **sefa** are still done by the Department: Trade, Industry and Competition (**the dtic**). **sefa** provides financial support to SMEs in the form of loans. All transactions were at arm's length.

24. Key management personnel

	No. of Individuals	2020/21	2019/20
		R'000	R'000
Political office bearers	2	4 379	4 445
Officials:			
Level 15 to 16	1	3 018	5 369
Level 14 (incl. CFO if at a lower level)	8	8 715	7 336
Total		16 112	17 149

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

25. Provisions

	Note	2020/21	2019/20
		R'000	R'000
Cooperatives Incentives Scheme		10 281	43 743
Black Business Supplier Development Programme		11 913	80 871
Total		22 194	124 614

25.1 Reconciliation of movement in provisions – 2020/21

	Provision 1	Provision 2	Total provisions
	R'000	R'000	R'000
Opening balance	43 743	80 871	124 614
Increase in provision	-	-	-
Settlement of provision	(30 610)	(27 573)	(58 183)
Unused amount reversed	(7 082)	(59 492)	(66 574)
Reimbursement expected from third party	-	-	-
Change in provision due to change in estimation of inputs	4 230	18 107	22 337
Closing balance	10 281	11 913	22 194

Reconciliation of movement in provisions – 2019/20

	Provision 1	Provision 2	Total provisions
	R'000	R'000	R'000
Opening balance	45 087	119 286	164 373
Increase in provision	82 576	39 017	121 593
Settlement of provision	(85 698)	(102 603)	(188 301)
Unused amount reversed	(1 148)	(41)	(1 189)
Reimbursement expected from third party	-	25 211	25 211
Change in provision due to change in estimation of inputs	2 926	1	2 927
Closing balance	43 743	80 871	124 614

26. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	17 474	-	1 948	2 928	16 494
Transport assets	3 217	-	-	856	2 361
Computer equipment	6 641	-	1 195	546	7 290
Furniture and office equipment	3 921	-	656	1 312	3 265
Other machinery and equipment	3 694	-	98	215	3 578
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	17 474	-	1 948	2 928	16 494

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

Movable Tangible Capital Assets under investigation

	Number	Value
		R'000
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	4	58

Investigation seeks to determine liability as required by Treasury Regulations 12.

26.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Cash	Non-cash	Finance lease payments	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	3 907	588	(2 547)	-	1 948
Transport assets	-	-	-	-	-
Computer equipment	1 195	-	-	-	1 195
Furniture and office equipment	166	490	-	-	656
Other machinery and equipment	2 547	98	(2 547)	-	98
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	3 907	588	(2 547)	-	1 948

26.2 Disposals

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	856	2 072	2 928	121
Transport assets	856	-	856	121
Computer equipment	-	546	546	-
Furniture and office equipment	-	1 312	1 312	-
Other machinery and equipment	-	215	215	-
Total Disposal Of Movable Tangible Capital Assets	856	2 072	2 928	121

26.3 Movement for 2019/20

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	17 199	-	1 586	(1 311)	17 474
Transport assets	3 877	-	-	(660)	3 217
Computer equipment	5 884	-	1 216	(459)	6 641
Furniture and office equipment	3 739	-	182	-	3 921
Other machinery and equipment	3 699	-	188	(192)	3 694
Total Movable Tangible Capital Assets	17 199	-	1 586	(1 311)	17 474

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

26.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2021

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	1 181	-	1 181
Additions	-	-	-	216	-	216
Disposals	-	-	-	34	-	34
TOTAL MINOR ASSETS	-	-	-	1 363	-	1 363

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

Minor Capital Assets under investigation

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

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2020

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	1 097	-	1 097
Prior period error	-	-	-	-	-	-
Additions	-	-	-	147	-	147
Disposals	-	-	-	63	-	63
TOTAL MINOR ASSETS	-	-	-	1 181	-	1181

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	-	-	-
Number of minor assets at cost	-	-	-	405	-	405
TOTAL NUMBER OF MINOR ASSETS	-	-	-	405	-	405

26.5 Movable assets written off

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2021

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Assets written off	-	-	-	314	-	314
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-	314	-	314

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2020

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Assets written off	-	-	-	651	-	651
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-	651	-	651

26.6 S42 Movable capital assets

MAJOR ASSETS TO BE TRANSFERRED IN TERMS OF S42 OF THE PFMA - 31 MARCH 2021

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
No. of Assets	-	-	-	30	-	30
Value of the assets (R'000)	-	-	-	588	-	588

MINOR ASSETS TO BE TRANSFERRED IN TERMS OF S42 OF THE PFMA - 31 MARCH 2021

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
No. of Assets	-	-	-	12	-	12
Value of the assets (R'000)	-	-	-	22	-	22

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

MAJOR ASSETS TO BE TRANSFERRED IN TERMS OF S42 OF THE PFMA - 31 MARCH 2020

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
No. of Assets	-	-	-	-	-	-
Value of the assets (R'000)	-	-	-	-	-	-

MINOR ASSETS TO BE TRANSFERRED IN TERMS OF S42 OF THE PFMA - 31 MARCH 2020

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
No. of Assets	-	-	-	-	-	-
Value of the assets (R'000)	-	-	-	-	-	-

27. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	2 952	-	-	-	2 952
TOTAL INTANGIBLE CAPITAL ASSETS	2 952	-	-	-	2 952

Intangible capital assets under investigation

DSBD does not have any intangible assets under investigation

27.1. ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

There were no additions to intangible assets during 2020/21 financial year

27.2. DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

There were no disposals of intangible assets during 2020/21 financial year

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

Movement for 2019/20

27.3. MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	2 969	-	-	(17)	2 952
TOTAL INTANGIBLE CAPITAL ASSETS	2 969	-	-	(17)	2 952

28. 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.

29. COVID 19 Response Expenditure

	Annexure 5	2020/21	2019/20
		R'000	R'000
Compensation of employees		347	-
Goods and services		928	275
Transfers and subsidies		1 165 641	299 000
Expenditure for capital assets		-	667
Other		-	-
Total		1 166 916	299 942

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

ANNEXURE 1A

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENTAL AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2019/20
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Seda Technology Programme	158 408	-	-	158 408	158 408	100%	152 281
Small Enterprise Development Agency	650 005	-	-	650 005	650 005	100%	715 076
Seda Capacity Building	16 065	-	-	16 065	16 065	100%	15 406
Dept Agency: Covid-19 Relief	-	-	9 903	9 903	9 903	100%	-
TOTAL	824 478	-	9 903	834 381	834 381		882 763

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

ANNEXURE 1B

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2019/20
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public Corporations									
Transfers	1 180 641	-	(15 141)	1 165 500	1 165 500	100.0%	-	1 165 500	884 860
Industrial Development Corporation-sefa	1 169 500	-	(4 000)	1 165 500	1 165 500	100.0%	-	1 165 500	879 000
Craft Customized Sector	11 141	-	(11 141)	-	-	-	-	-	5 860
Total	1 180 641	-	(15 141)	1 165 500	1 165 500	100.0%	-	1 165 500	884 860
Private Enterprises									
Transfers	72 409	-	-	72 409	59 955	82.8%	-	59 955	277 724
Black Business Supplier Development Programme (BBDP)	13 751	-	15 946	29 697	27 573	92.8%	-	27 573	126 126
Co-operatives Incentives Scheme (CIS)	50 754	-	(9 300)	41 454	31 124	75.1%	-	31 124	87 984
Craft Customised Sector	-	-	-	-	-	-	-	-	4 700
National Informal Business Upliftment Scheme (NIBUS)	7 904	-	(6 646)	1 258	1 258	100.0%	-	1 258	58 914
Total	72 409	-	-	72 409	59 955	82.8%	-	59 955	277 724
TOTAL	1 253 050	-	(15 141)	1 237 909	1 225 455	99.0%	-	1 225 455	1 162 584

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

ANNEXURE 1C

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2019/20
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Cape Craft & Design Institute	-	-	1 238	1 238	1 238	100%	-
TOTAL	-	-	1 238	1 238	1 238	100%	-

ANNEXURE 1D

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2019/20
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Households (HH)	-	-	572	572	557	97%	389
TOTAL	-	-	572	572	557	97%	389

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

ANNEXURE 1E

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2020/21	2019/20
		R'000	R'000
Received in kind			
Moon Consulting	Small Travelling Bag	-	4
Microsoft South Africa	Sponsored Conference	-	12
Global Entrepreneurship Network (GEN)	3 nights hotel accommodation	-	12
Broadway Sweets	Book & gift bag (sweets)	-	1
Polokwane municipality	Framed traditional portrait dolls	-	5
Hub Incubator Nelspruit	Mobicel 7 Tablet	1	-
Annual Buy Local Summit and Expo	Gift pack from Proudly SÁ	0	-
Ambassador of the USA	Whiskey and Fruitcake	1	-
National Council for People with Disabilities	T-Shirts (15)	2	-
Subtotal		4	34
TOTAL		4	34

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021



ANNEXURE 1F

STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE	REVENUE	EXPENDITURE	PAID BACK ON/ BY 31 MARCH	CLOSING BALANCE
		R'000	R'000	R'000	R'000	R'000
Received in cash						
European Union	The employment promotion through SMME's support programme	3 969	341 279	318 861	26 153	234
Local Government Sector Education and Training Authority (LGSETA)	Internship programme	138	220	291	-	67
Subtotal		4 107	341 499	319 152	26 153	301
TOTAL		4 107	341 499	319 152	26 153	301

ANNEXURE 1G

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

NATURE OF GIFT, DONATION OR SPONSORSHIP	2020/21	2019/20
(Group major categories but list material items including name of organisation)	R'000	R'000
Made in kind		
University of the Witwatersrand - Entrepreneurial week sponsorship	-	100
TOTAL	-	100

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

ANNEXURE 2

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2021

Nature of Liability	Opening Balance	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance
	1 April 2020				31 March 2021
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Settlement agreement to former employee	33	-	33	-	-
Performance assessment	119	-	119	-	-
Subtotal	152	-	152	-	-
TOTAL	152	-	152	-	-

Nature of Liabilities recoverable	Opening Balance	Details of Liability and Recoverability	Movement during year	Closing Balance
	1 April 2020			31 March 2021
	R'000		R'000	R'000
Not applicable	-	-	-	-
TOTAL	-	-	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

ANNEXURE 3

CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2020/21	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
South African Police Services (SAPS)	-	-	2	2	2	2	-	-
Department of Agriculture, Land Reform and Rural Development	75	-	-	-	75	-	-	-
TOTAL	75	-	2	2	77	2	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

ANNEXURE 4

INTER-ENTITY ADVANCES PAID (note)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
Department of International Relations and Cooperation	-	-	-	259	-	259
Subtotal	-	-	-	259	-	259
PUBLIC ENTITIES						
National Youth Development Agency (NYDA)	-	-	-	7 843	-	7 843
Subtotal	-	-	-	7 843	-	7 843
TOTAL	-	-	-	8 102	-	8 102

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

ANNEXURE 5

COVID 19 RESPONSE EXPENDITURE

Per quarter and in total

Expenditure per economic classification	2020/21					2019/20
	Q1	Q2	Q3	Q4	Total	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	-	96	125	126	347	-
Goods and services	268	415	116	129	928	275
<i>List all applicable SCOA level 4 items</i>						
Advertising	-	33	-	-	33	-
Cons Supplies	62	278	-	-	340	100
Cons:Sta,Print&Off Sup	3	-	-	-	3	-
Property Payment	202	104	116	129	551	175
Travel and Subsistence	1	-	-	-	1	-
Transfers and subsidies	413 500	741 000	8 665	2 476	1 165 641	299 000
<i>List all applicable SCOA level 4 items</i>						
TRNSF&SUB: Public Corporations:PC	413 500	741 000	-	-	1 154 500	299 000
TRNSF&SUB: Departmental Agencies	-	-	7 427	2 476	9 903	-
NPI:Covid-19 Relief	-	-	1 238	-	1 238	-
Expenditure for capital assets	-	-	-	-	-	667
<i>List all applicable SCOA level 4 items</i>						
Other machinery and equipment	-	-	-	-	-	667
TOTAL COVID 19 RESPONSE EXPENDITURE	413 768	741 511	8 906	2 731	1 166 916	299 942

[illegible]



**Published by the Department of
Small Business Development**

Physical Address:

The DTI Campus
77 Meintjies Street
Sunnyside • Pretoria
0097

Contact Numbers:

Customer Call Centre:
0861 843 384 (select Option 2)
info@dsbd.gov.za

Postal Address:

Private Bag X672
Pretoria
0001

RP288/2021

ISBN: 978-0-621-49759-5