



DEPARTMENT OF SMALL BUSINESS DEVELOPMENT

ANNUAL REPORT 2025/26

VOTE NO. 36



**small business
development**

Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA



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PART A

General Information





1. DEPARTMENT GENERAL INFORMATION

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT

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2. LIST OF ABBREVIATIONS/ACRONYMS

AAP	Asset Assist Programme
AC	Audit Committee
AfCFTA	African Continental Free Trade Area
AGSA	Auditor-General of South Africa
AI	Artificial Intelligence
APP	Annual Performance Plan
ARC	Audit and Risk Committee
B-BBEE	Broad-Based Black Economic Empowerment
BISP	Business Infrastructure Support Programme
CA(SA)	Chartered Accountant (South Africa)
CAI	Compliance Assessment Instrument
CBDA	Cooperative Banks Development Agency
CD	Chief Director
CD(SA)	Chartered Director South Africa
CDSP	Co-operatives Development Support Programme
CFO	Chief Financial Officer
CIPC	Companies and Intellectual Property Commission
COBIT	Control Objectives for Information and Related Technologies
COIDA	Compensation for Occupational Injuries and Diseases Act
CORE	Code of Remuneration and Employment
CSF	Civil Society Forum
DDG	Deputy Director-General
DEL	Department of Employment and Labour
DG	Director-General
DIRCO	Department of International Relations and Cooperation
DPSA	Department of Public Service and Administration
DSBD	Department of Small Business Development
DTIC	Department of Trade, Industry and Competition
EA	Executive Authority
ECDC	Eastern Cape Development Corporation
EHW	Employee Health and Wellness
ER	Employment Relations
ESD	Enterprise and Supplier Development
ESIEID	Economic Sectors, Investment, Employment and Infrastructure Development
EU	European Union
EXCO	Executive Committee
FMU	Facilities Management Unit

FOSAD	Forum of South African Directors-General
GTA	Gauteng Tourism Authority
HCT	HIV Counselling and Testing
HDI	Historically Disadvantaged Individuals
HOA	Homeowners Allowance
IAF	Internal Audit Function
IBDS	Incubation and Business Development Services
ICT	Information and Communication Technology
IDC	Industrial Development Corporation
IGR	Intergovernmental Relations
IMEDP	Informal Micro Enterprise Development Programme
IODSA	Institute of Directors South Africa
IPPF	International Professional Practice Framework
ISACA	Information Systems Audit and Control Association
IT	Information Technology
LED	Local Economic Development
LEDA	Limpopo Economic Development Agency
LOGIS	Logistical Information System
M&E	Monitoring and Evaluation
MANCO	Management Committee
MIS	Management Information System
MoA	Memorandum of Agreement
MoU	Memorandum of Understanding
MPSA	Minister for the Public Service and Administration
MSME	Micro, Small and Medium Enterprise
MTDP	Medium-Term Development Plan
MTEF	Medium-Term Expenditure Framework
NES	National Entrepreneurship Strategy
NISED	National Integrated Small Enterprise Development
NPC	National Planning Commission
NPO	Non-Profit Organisation
NT	National Treasury
OHS	Occupational Health and Safety
OHSA	Occupational Health and Safety Act
PFMA	Public Finance Management Act, 1999 (Act No. 1 of 1999)
PMDS	Performance Management and Development System
PSCBC	Public Service Coordinating Bargaining Council
PWD	Person with Disability

REMC	Risk and Ethics Management Committee
ROI	Return on Investment
RTR	Red Tape Reduction
SABS	South African Bureau of Standards
SADC	Southern African Development Community
SAICA	South African Institute of Chartered Accountants
SBEDS	Small Business Exporter Development Scheme
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SEDA	Small Enterprise Development Agency
SEDFA	Small Enterprise Development Finance Agency
SEFA	Small Enterprise Finance Agency
SEIAS	Socio-Economic Impact Assessment System
SEIF	Shared Economic Infrastructure Facility
SEOS	Small Enterprise Ombud Services
SHE	Safety, Health and Environment
SHERQ	Safety, Health, Environment, Risk and Quality
SITA	State Information Technology Agency
SMME	Small, Medium and Micro Enterprise
SMS	Senior Management Service
TB	Tuberculosis
TIKZN	Trade and Investment KwaZulu-Natal
TREP	Township and Rural Entrepreneurship Programme
UNWTO	United Nations World Tourism Organization
WYPWDs	Women, Youth and Persons with Disabilities

3. FOREWORD BY THE MINISTER



Ms Stella Tembisa Ndabeni, MP
Minister of Small Business Development

The 2025/26 financial year marked an important period in our continuing work to reposition micro, small and medium enterprises (MSMEs) and Co-operatives from the margins of the economy to the centre of South Africa's economic growth, transformation and job-creation agenda.

Our task is bigger than supporting individual enterprises. It is to build an enabling ecosystem in which entrepreneurs can start, formalise, survive, innovate and grow; where unnecessary regulatory barriers are removed; where finance and markets become more accessible; and where the state works in a coordinated manner to create pathways from survivalist and micro-enterprises to sustainable and competitive businesses.

This is particularly important for enterprises operating in townships and rural areas and those owned by women, young people and persons with disabilities. Expanding their participation in the economy is not simply a matter of inclusion. It is fundamental to broadening South Africa's productive base, stimulating local economies and creating employment where our people live.

During the year under review, South Africa's G20 Presidency provided an important platform to elevate MSMEs on the international policy agenda. Through the Global SME Ministerial and the Start-Up20 Engagement Group, South Africa contributed to international dialogue and strengthened the voice of MSMEs and entrepreneurs in discussions about growth, innovation, finance and economic inclusion.

These international engagements reinforced the direction we have taken at home: government must lead and coordinate a broader MSME support ecosystem; reduce red tape and unnecessary regulatory burdens; improve access to finance and markets; and mobilise partnerships across government, the private sector, academia, development

institutions and other ecosystem actors.

Institutionally, significant progress was made towards establishing and strengthening the Small Enterprise Development and Finance Agency (SEDFA), including the integration of systems and the filling of executive positions. SEDFA is central to our objective of creating better coordinated financial and non-financial support, clearer enterprise-development pathways across sectors and MSME segments, and ultimately more sustainable MSMEs and Co-operatives.

We also consolidated important policy reforms intended to create a more coherent and enabling environment for entrepreneurship and enterprise development, in line with the National Integrated Small Enterprise Development Strategic Framework.

Cabinet approved the Township and Rural Economic Development and Revitalisation Policy for public comment, taking us an important step closer to a coordinated approach to unlocking the productive potential of township and rural economies.

Cabinet also approved the National Entrepreneurship Strategy and its Implementation Plan. This provides an important foundation for building a stronger culture of entrepreneurship, particularly among young South Africans, and for ensuring that entrepreneurship becomes an increasingly viable pathway towards economic participation and employment creation.

The approval of the Incubation and Business Development Services Policy Framework further strengthens our ability to improve coordination and quality across the enterprise-support ecosystem by clarifying institutional responsibilities and improving the delivery of business development services.

We also advanced the Business Licensing Bill and implementation of the Red-Tape Reduction Framework, with particular attention to local government and improving the ease of doing business. Our approach to regulation must enable legitimate enterprise rather than unnecessarily obstruct it. Formalisation should open the door to opportunity, finance and markets — not become another barrier confronting entrepreneurs.

Access to finance and markets remains one of the most persistent constraints facing MSMEs and Co-operatives. Our response must therefore extend beyond the availability of individual funding products. We must build stronger financing pathways across the enterprise life cycle, crowd in public and private capital, strengthen partnerships with financial institutions and development partners, and ensure that viable enterprises are connected to sustainable markets. Through SEDFA and the broader ecosystem, our focus must increasingly be on ensuring that public support leverages additional investment and enables enterprises to graduate, scale and participate meaningfully in public and private value chains.

Market access must similarly become a deliberate instrument of enterprise development. Procurement, localisation, supplier development and value-chain participation should create real opportunities for MSMEs and Co-operatives, particularly those in township and rural economies. Supporting an enterprise without helping it secure sustainable demand limits its prospects for growth. Our interventions must therefore connect finance, business development support and market opportunities into coherent growth pathways.

These reforms must increasingly be supported by digital transformation. Entrepreneurs should not have to navigate fragmented government systems and unnecessary administrative processes simply to establish and operate a business. Digitalisation presents an opportunity to simplify interaction with the state, improve coordination, strengthen transparency and make enterprise support more accessible.

The Department maintained its focus on institutional performance and financial governance during the year. The unqualified audit outcome is important, but we recognise the control deficiencies identified through the audit process. These require decisive corrective action, and implementation of the Audit Action Plan will therefore be closely monitored.

Good governance cannot be separated from developmental impact. Public resources entrusted to this portfolio must ultimately translate into enterprises financed, entrepreneurs supported, markets opened, businesses growing and sustainable jobs created.

This year must therefore be a year of implementation, coordination and measurable impact.

A major priority will be advancing the MSME One-Plan, through which we intend to concretise commitments across the broader ecosystem and strengthen alignment between the different institutions and sectors supporting MSMEs and Co-operatives. South Africa cannot afford fragmented

interventions where institutions operate independently while entrepreneurs are expected to navigate the complexity.

We will also host the inaugural MSME Investment Conference. Its purpose must go beyond dialogue. It must become a platform through which partnerships and commitments are converted into tangible investment and resources for the MSME ecosystem.

We will prioritise the establishment of the Office of the Small Enterprise Ombuds, strengthen the delivery capacity of the Department and portfolio, and accelerate the digital transformation required to support a modern, responsive and accessible small-enterprise ecosystem.

Our ambition is clear: South Africa must become a country in which an entrepreneur's prospects are determined less by where they were born, where their enterprise is located or whom they know, and increasingly by their ideas, innovation, determination and ability to build a sustainable enterprise.

This requires all of us national, provincial and local government, SEDFA, the private sector, financial institutions, academia, organised business and other ecosystem partners to recognise that MSME development is not the responsibility of one Department. It is a national economic imperative.

I therefore extend my appreciation to the Director-General and officials of the Department for their contribution towards advancing this mandate, and to the Board and Executive Management of SEDFA for their work during this important period of institutional transition.

I also thank the Parliamentary Committee on Small Business Development for its oversight and strategic guidance, as well as our ecosystem partners for continuing to work with us.

Above all, I acknowledge South Africa's entrepreneurs and Co-operatives. Every day, often under difficult circumstances, they open their doors, take risks, employ people, introduce new ideas and provide goods and services in communities across our country.

Our responsibility is to ensure that government matches their determination with a state that enables rather than obstructs; coordinates rather than fragments; invests rather than merely administers; and measures its success not only by programmes implemented, but by enterprises that survive, grow and create jobs.

Together, we are laying the foundation for a more inclusive, faster-growing, resilient and sustainable economy an economy in which MSMEs and Co-operatives are not peripheral participants, but central drivers of South Africa's growth and transformation.



Ms Stella Tembisa Ndabeni, MP

Minister of Small Business Development

Date: 28 September 2026

4. DEPUTY MINISTER STATEMENT



Ms Jane Sithole
*Deputy Minister of the
Department of Small Business Development*

The 2025/26 financial year marked the first year of implementing the Department of Small Business Development 2025–2030 Strategic Plan under the Seventh Administration, aligned to the Medium-Term Development Plan (MTDP) 2024–2029, the National Development Plan (NDP), and the priorities of the Government of National Unity (GNU).

During the year under review, the Department recorded significant progress in advancing its mandate, achieving 93% of its Annual Performance Plan targets, the highest performance achievement since the establishment of the Department in 2014. This milestone reflects the Department's growing institutional maturity, strengthened programme implementation capacity and commitment to delivering meaningful support to MSMEs and Co-operatives.

Among the key achievements was the registration of the Co-operative movement on the national apex structure in South Africa. This marked an important milestone in strengthening governance, representation and coordination within the Co-operative sector, while promoting transparency, legitimacy and inclusive participation across Co-operative structures.

In support of the government's red-tape reduction agenda, the Department advanced several legislative and regulatory reform initiatives aimed at improving the ease of doing business for MSMEs and Co-operatives. Five laws and regulatory instruments posing administrative burdens to

small enterprises were identified and recommended for reform, including the National Treasury Instruction Note on 30-Day Payment of Invoices; the White Paper on Local Government; SARS tax-related burdens affecting MSMEs and Co-operatives; the Labour Relations Amendment Bill, 2025; and the Draft Revised White Paper on Citizenship, Immigration and Refugee Protection, 2025.

The Department also significantly exceeded its target for the adoption of the e-Registration System by municipalities, supporting 43 municipalities against an annual target of 20. This overachievement reflects growing demand from municipalities to modernise and digitise business licensing and registration systems.

Transformation and inclusion remained central to the Department's work. Representation of women at Senior Management Service level was maintained at 50%, sustaining gender parity in senior leadership, while representation of persons with disabilities (PWDs) improved to 5%, exceeding the minimum target of 4%.

Through the Integrated Co-operatives and Micro Enterprise Development Programme, the Department exceeded its international market access target by exposing 257 MSMEs and Co-operatives to global market opportunities against a target of 200. These included 159 women-owned enterprises, 86 youth-owned enterprises and 18 enterprises owned by PWDs.



Similarly, the Informal Micro Enterprise Development Programme (IMEDP) surpassed its annual target by supporting 2 490 informal and micro enterprises against a target of 2 000. Of these supported enterprises, 1 500 were women-owned and 223 were owned by PWDs.

These achievements would not have been possible without the resilience and determination of entrepreneurs, the dedication of departmental officials, and the continued support of portfolio and select committees, stakeholders and partners. Together, these collective efforts continue to strengthen the small business ecosystem and contribute meaningfully to inclusive economic growth and job creation in South Africa.



Ms Jane Sithole

*Deputy Minister of the
Department of Small Business Development*

Date: 7 September 2026

5. REPORT OF THE ACCOUNTING OFFICER



Ms Thulisile Manzini
Director-General
Department of Small Business Development

5.1 Introduction

The 2025/26 financial year, marking the first year of the implementation of the Departmental 2025–2030 Strategic Plan aligned to the 2024–2029 Medium-Term Development Plan (MTDP), commenced from a significantly stronger performance base compared to the beginning of the Sixth Administration.

The results demonstrate evidence of structural improvements in delivery systems, governance, and oversight mechanisms, as reflected in the sustained high levels of achievement. The performance further indicates enhanced institutional learning, strengthened coordination, and improved execution capability across the Department.

Despite the prevailing slow economic growth in the country, the Seventh Administration within DSBD, commenced with an exceptional performance achievement rate of 93%, reflecting increased institutional maturity, strengthened accountability mechanisms, and enhanced implementation capacity.

The 2025/26 Annual Report provides a comprehensive account of matters that affected the Department from an operational and strategic perspective, the achievements, challenges, significant events and projects undertaken during the year under review.

5.2 Overview of the operations of the Department:

Administration

The Administration Programme, during the year under review, has continued to provide support services to the line functions of the Department, with a strengthened focus on governance, compliance, and well-coordinated ecosystem support for small enterprise outcomes. This is evidenced by the maintenance of an unqualified audit outcome on both non-financial performance information and the Annual Financial Statements, as well as the achievement of 100% payment of valid creditors within 30 days of receipt of invoices. The Department has also made progress towards reducing the vacancy rate by 5% in line with the approved organisational structure, while advancing representation targets of at least 5% for persons with disabilities (PWDs).

During the 2025/26 financial year, the Department, together with its entity, successfully drove the finalisation and approval of the SBD Portfolio Integrated Engagement, Awareness and Communication Strategy. This has strengthened communication channels, tools, and coordination mechanisms aimed at enhancing the visibility and effectiveness of the SBD Portfolio, while improving both internal and external communication. In addition, the Department has conducted a client satisfaction assessment for the 2025/26 financial year, with findings indicating

progress towards the target of 51.5% satisfaction with SBD Portfolio products and services. Client satisfaction continues to serve as a key performance measure of service quality and effectiveness, informing ongoing improvements in products and service delivery.

Sector Policy and Research

The Department's focus on reducing regulatory burdens remains a key area of implementation, supported by ongoing efforts to review regulatory and administrative measures, including the elimination of municipal red tape. These interventions continue to respond to Cabinet directives requiring the Department to make recommendations aimed at improving the regulatory environment for small businesses.

Furthermore, against an annual target of supporting 20 municipalities with the adoption of the e-Registration System, the Department supported 43 municipalities with the adoption of the e-Registration System through provincial workshops. This overachievement was made possible as a result of a high level of interest from municipalities to transition from manual to digital systems. This resulted in increased demand for the adoption of the e-registration programme, with more municipalities requesting to participate in the workshops than initially planned.

During the period under review, the Department has commissioned two evaluation studies and two research reports. These time-bound and periodic assessments have provided credible and usable evidence to inform decision-making and improve policy effectiveness.

The Department continues to play a central role in conducting research and providing knowledge management services to support the development and refinement of policies, initiatives, and programmes aimed at helping MSMEs and the informal sector across various economic sectors. In this regard, progress has been made in establishing a research agenda for the SBD ecosystem, supported by the development and maintenance of structured knowledge repositories.

To strengthen MSME growth and sustainability, the Department has intensified efforts to mobilise resources and leverage sector-related opportunities. This has included advancing collaboration agreements with both public and private sector partners to support MSME development and reviewing existing partnership guidelines towards the

development of a sectoral partnership framework. During the year under review, five partnership agreements, with the public and/or private sector, secured to support MSMEs were approved by the Accounting Officer.

Integrated Co-operatives and Micro-Enterprise Development

During the 2025/26 financial year, through the continued implementation of the Localisation Policy Framework, the Department surpassed its annual target of 250 local products by 8%, successfully introducing a total of 270 products and services into domestic markets. This growth was largely driven by successful integrations into major retail and wholesale networks, most notably through ENCORE, Advance Cash and Carry, and Makro Marketplace.

Market Access and Public Procurement Reform Support: The Department has led the development of the Compliance Assessment Instrument (CAI) as a strategic intervention to support the implementation of the Public Procurement Act (No. 28 of 2024), with particular focus on the Preferential Procurement provisions. The development process commenced with the conceptualisation of an outcome-based instrument designed to assess whether public procurement interventions effectively translate into meaningful participation by MSMEs, including enterprises owned by women, youth, and persons with disabilities.

From inception, the development of the CAI was aligned to the evolving National Treasury regulatory framework to ensure coherence, complementarity, and practical applicability within the broader public procurement system. During the 2025/26 financial year, the Department undertook extensive internal and external stakeholder consultations to refine the design and application of the instrument. Parallel to this, the Department actively contributed to the National Treasury consultative process on the Draft Public Procurement Regulations, particularly Chapter 5, through the submission of targeted inputs aimed at strengthening implementation, reporting, transparency, and accountability. The development of the CAI was closely aligned to this regulatory process, ensuring full responsiveness to the intent and provisions of the regulations.

The Department has also advanced initiatives by contributing to the strategic outcome of increasing participation of MSMEs and Co-operatives in international markets. As part of this effort, the Department successfully conceptualised four



market intelligence reports and facilitated exposure of 257 MSMEs and Co-operatives to global market opportunities, exceeding the annual target of 200. The MSMEs and Co-operatives that were promoted to global markets included 159 women-owned, 86 youth-owned and 18 PWD-owned businesses.

In recognition of South Africa's G20 Presidency, the Department hosted two major international events during the year under review, namely the StartUp20 Summit and the Global SME Ministerial Conference. The StartUp20 Summit, which was held from 13 to 15 November 2025, was coordinated in collaboration with the Department of Science, Technology and Innovation, while the Global SME Ministerial Conference was delivered in partnership with the International Trade Centre, an agency of the World Trade Organisation.

The Global SME Ministerial Conference was held in Johannesburg, South Africa from 22 to 24 July 2025 and attracted approximately 300 delegates, including 60 ministers from different countries. Among others, the discussions focused on green transition, access to finance, and digital connectivity. In parallel, an MSME exhibition showcased approximately 30 enterprises across key sectors, including green technology and agribusiness.

To realise the set outcomes, the Department during the year under review had set deliverables that include mainstreaming programmes on empowerment and development of WYPWDs with specific targets: a minimum 35% target for women, 30% for youth and 3% for PWDs. During the period under review, the Informal Micro Enterprise Development Programme (IMEDP) surpassed its annual target of supporting 2 000 informal and micro enterprises, achieving a total of 2,490 supported enterprises. Of these, 1 500 were women-owned and 223 were owned by persons with disabilities.

The annual target for the year under review was the refurbishment or construction of 10 business infrastructure facilities, including product markets and MSME hubs. The programme was implemented through three components, namely built infrastructure, energy support, and equipment support. In addition, 11 MSMEs were supported through the energy and equipment components, thereby exceeding the annual target for enterprise support in the financial year under review.

Enterprise Development, Innovation and Entrepreneurship

During the period under review, the Department contributed to Government Priority 1: Inclusive Economic Growth and Job Creation, as well as to the National Development Plan (NDP) objective of transforming the economy towards greater inclusivity and supporting national job creation targets.

The Department intensified support for small enterprises across the enterprise development continuum, with particular emphasis on enabling progression from start-up to growth and scale-up stages. This included targeted interventions aimed at strengthening the competitiveness of MSMEs and improving their capacity to participate in domestic and global value chains.

To enhance access to both financial and non-financial support for MSMEs, rural enterprises, and township economies, the Department advanced the development and approval of key policy frameworks, resulting in the following approvals:

- The National Township Economic Revitalisation Policy was approved by Cabinet for public consultation. The policy aims to strengthen intergovernmental coordination and promote public, private, and civil society partnerships to support integrated township economic development.
- The Startup Policy was approved by the Department, providing a structured framework of guidelines and interventions to support innovation, entrepreneurship, and the growth of early-stage enterprises.
- The Business Development Services Policy was approved by Cabinet for implementation. The policy is aimed at strengthening the MSME ecosystem through improved access to mentorship, funding, resources, and networking opportunities.
- The National Entrepreneurship Strategy and Implementation Plan was approved by Cabinet for implementation. The strategy seeks to strengthen MSMEs and address youth unemployment through coordinated ecosystem support and targeted interventions.

5.3 Overview of the financial results of the Department:

Departmental receipts

The Department does not provide services for which fees are charged. For the financial year under review, the Department collected R764 thousand, which was transferred to the National Revenue Fund. The revenue came from parking rentals (R8 thousand), insurance / premium deductions (R53 thousand), interest earned on bank accounts (R108 thousand), sale of motor vehicles (R400 thousand) and departmental debt (R195 thousand).

Departmental receipts	2025/2026			2024/2025		
	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
Sale of goods and services other than capital assets	78	61	17	66	64	2
Transfers received	-	-	-	-	211	(211)
Fines, penalties and forfeits	-	-	-	-	11	(11)
Interest, dividends and rent on land	127	108	19	24	203	(179)
Sale of capital assets	0	400	(400)	240	240	-
Financial transactions in assets and liabilities	121	195	(74)	-	503 106	(503 106)
Total	326	764	(438)	330	503 835	(503 505)

Programme Expenditure

Annual expenditure as of 31 March 2026 amounted to R2.616 billion (89.6%) against the final appropriation of R2.918 billion, resulting in a variance of R302.2 million (10.4%). The main reasons for underspending are as follows:

- **Administration Programme** contributed R16.2 million. Goods and services contributed R13.8 million, largely under Communications Management (R10.2 million), as several planned procurement activities were not concluded as intended due to operational and implementation constraints. Capital assets contributed R2 million due to delays in the delivery of the ordered vehicle for the Minister and the non-procurement of office furniture.
- **Sector Policy and Research** contributed R8.8 million. Compensation of Employees contributed R3 million to the underspending, largely due to vacancies, and Goods and Services also contributed R5.5 million as consultancy costs were lower than anticipated and some work was conducted internally instead of procuring the services of consultants.

- **Integrated Co-operatives and Micro-Enterprise Development** contributed R47.3 million. Compensation of Employees contributed R1.4 million to the underspending, largely due to vacancies, and Transfers contributed R42.7 million due to delays in finalising the agreements and claims for the four approved Hubs under the Business Infrastructure Support Programme (BISP).
- **Enterprise Development, Innovation and Entrepreneurship** contributed R229.8 million. Compensation of Employees contributed R10.1 million to the underspending, largely due to vacancies, and the late commencement of the Asset Assist programme which resulted in the project spilling over to the 2026/27 financial year (R219.3 million).

Programme name	2025/2026			2024/2025		
	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
Administration	204 613	188 381	16 233	166 669	165 699	970
Sector Policy and Research	62 245	53 388	8 857	45 248	37 311	7 937
Integrated Co-operatives and Micro Enterprise Development	491 701	444 448	47 253	171 199	142 681	28 518
Enterprise Development, Innovation and Entrepreneurship	2 159 563	1 929 726	229 837	2 036 429	2 034 608	1 821
Total	2 918 122	2 615 942	302 180	2 419 545	2 380 299	39 246

Virements

During the 2025/26 financial year, virements were implemented in accordance with section 43 of the Public Finance Management Act, 1999 (Act No. 1 of 1999), or PFMA, and reported to National Treasury (NT).

Programme	2025/2026		
	Adjusted Appropriation	Virement	Final Appropriation
	R'000	R'000	R'000
Administration	203 193	1 420	204 613
Sector Policy and Research	67 245	(5 000)	62 245
Integrated Co-operatives and Micro-Enterprise Development	482 701	9 000	491 701
Enterprise Development, Innovation and Entrepreneurship	2 164 983	(5 420)	2 159 563
Total	2 918 122	-	2 918 122

Reason for the virement

- **Administration** received an amount of R1.4 million to cover the shortfall for compensation of employees from Programme 4: Enterprise Development, Innovation and Entrepreneurship.
- **Sector Policy and Research** contributed R5 million to Programme 3: Integrated Co-operatives and Micro-Enterprise Development. The funds were reprioritised from goods and services for the procurement of machinery under the Business Infrastructure Support Programme (BISP).
- **Integrated Co-operatives and Micro Enterprise Development** received a net amount of R9 million to cover the shortfall for Informal and Micro Enterprise Development (IMEDP) and BISP. The R5 million for BISP was reprioritised from goods and services, under Programme 2: Sector Policy and Research; and R4 million for IMEDP was reprioritised from Programme 4: Enterprise Development, Innovation and Entrepreneurship.
- **Enterprise Development, Innovation and Entrepreneurship** contributed a net virement of R5.4 million to Programme 1: Administration to cover the shortfall for compensation of employees (R1.4 million), and to Programme 3: Integrated Co-operatives and Micro Enterprise Development to cover the shortfall for IMEDP under goods and services (R4 million).

Roll-overs

The Department did not request roll-overs for the 2025/26 financial year.

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

The DSBD did not incur any confirmed unauthorised, fruitless and wasteful expenditure in the 2025/26 financial year. Post audit, irregular expenditure worth R77.5 thousand under determination and two matters worth R1.147 million from the previous financial year whose consequence management stage was underway as of 31 March 2026.

Strategic focus over the short- to medium-term period

The DSBD, together with its entity SEDFA, continues to play a central role in advancing the implementation of the MTDP 2024–2029. The Department's strategic focus is anchored on MTDP Strategic Priority 1: Driving inclusive growth and job creation, while also contributing to reducing poverty and tackling the high cost of living and the broader goal of building a capable, ethical and developmental state.

In alignment with the Seventh Administration outcomes, DSBD's interventions contribute directly to the realisation of a dynamic and growing economy and a more equal society where no person lives in poverty, with an overall impact target of economic growth above 3% and unemployment reduced to below 28%.

Over the short- and medium-term period, the Department's strategic implementation is guided by the National Integrated Small Enterprise Development (NISED) Strategic Framework, which structures interventions into five mutually reinforcing priorities designed to accelerate MSME growth, competitiveness, and economic inclusion.

Medium-term priorities

Priority 1: Cut Red Tape and Improve the Ease of Doing Business for MSMEs

The DSBD's interventions to reduce regulatory and administrative barriers are directly aligned with the MTDP priority of building a capable, ethical and developmental

state, while simultaneously advancing inclusive growth and job creation through improved business efficiency and reduced cost of entry for MSMEs.

The Department will intensify efforts to simplify the regulatory environment by reforming priority legislation, expanding digital business registration systems, and strengthening compliance monitoring across all spheres of government. These interventions will support the implementation of the Business Licensing Bill, accelerate adoption of the E-Registration System in municipalities, and enforce payment discipline in line with the 30-day payment requirement.

By reducing red tape and improving regulatory certainty, this priority directly contributes to the Seventh Administration goal of a dynamic and growing economy, while enabling MSMEs to participate more effectively in economic activity.

Priority 2: Enable Market Access for MSMEs

The DSBD's market access interventions are firmly anchored in the MTDP priority of driving inclusive growth and job creation, as they seek to integrate MSMEs into domestic, regional and global value chains. This priority contributes to reducing poverty and tackling the high cost of living by enabling small enterprises to generate sustainable income and expand employment opportunities.

The Department will scale up MSME participation in procurement systems, trade platforms, and export opportunities, while also facilitating infrastructure rollouts that reduce operational constraints in rural and township economies. These interventions will strengthen economic inclusion by ensuring that small enterprises are not only established but also actively integrated into productive markets. In doing so, DSBD contributes to the Government's goal of a dynamic, growing economy and promotes a more equal society where no person lives in poverty through expanded access to economic opportunities.

Priority 3: Provide Access to Finance for MSMEs

Access to finance remains a central enabler of enterprise development and is directly aligned with the MTDP priority of driving inclusive growth and job creation, as well as reducing poverty and the cost of living. Through this priority, DSBD and SEDFA aim to deepen financial inclusion and strengthen enterprise sustainability across all sectors of the MSME economy.

By expanding access to capital and enabling enterprise expansion, this priority directly supports job creation, industrialisation, and localisation objectives. It contributes to the Seventh Administration's goal of a dynamic and growing economy, while also advancing a more equal society by improving economic participation and wealth creation opportunities for historically excluded groups.

Priority 4: Equip Entrepreneurs and MSMEs with Business Acumen and Skills

This priority aligns strongly with the MTDP objective of building a capable, ethical and developmental state, as it focuses on strengthening the capabilities of entrepreneurs and improving the sustainability of MSMEs through structured non-financial support. The DSBD will intensify enterprise development interventions aimed at improving managerial competence, compliance readiness, and business survival rates. This includes incubation support, start-up development programmes, and structured interventions to formalise informal businesses. These interventions will enhance productivity, improve enterprise resilience, and support the transition of start-ups into sustainable enterprises. By strengthening entrepreneurial capability, this priority directly contributes to inclusive growth and job creation while also supporting the Seventh Administration goals of a dynamic economy and a more equal society, as it enables broader participation in productive economic activity.

Priority 5: Build the Capacity and Capabilities of DSBD to Lead the MSME Ecosystem

The strengthening of DSBD institutional capacity is directly aligned with the MTDP priority of building a capable, ethical and developmental state, as it focuses on enhancing governance, oversight, coordination, and system-wide leadership of the MSME ecosystem. The Department will prioritise the establishment of key institutional mechanisms, including the appointment of a Small Enterprise Ombud and the operationalisation of the Small Enterprise Advisory Body. These structures are intended to improve dispute resolution, strengthen policy advisory capacity, and ensure that MSME interests are effectively represented within the broader economic policy environment. This priority reinforces DSBD's role as the coordinating authority for small enterprise development, ensuring coherence across government and partner institutions. It contributes to improved service

delivery, accountability, and responsiveness within the MSME ecosystem, thereby advancing the Seventh Administration's goal of a capable state delivering basic services to all citizens and indirectly supporting a dynamic and inclusive economy.

Collectively, the five NISED priorities provide a structured implementation pathway for the DSBD's contribution to the MTDP 2024–2029 and the Seventh Administration outcomes. Through regulatory reform, market access expansion, financial inclusion, enterprise capability development, and institutional strengthening, the Department is positioned to drive inclusive economic growth, job creation, and MSME transformation, thereby contributing meaningfully to a more equitable and resilient South African economy.

Priorities over the short-term period

1. NISED Strategic Framework, Co-operatives Strategy, and Informal Economy

- **NISED Strategic Framework:** Strengthen DSBD's leadership within the MSME ecosystem by advancing policies aligned with MSME priorities. The Department will continue to coordinate, advocate, and drive initiatives that promote sustainable, inclusive growth.
- **Co-operatives Strategy:** Through the Co-operatives Development Support Programme (CDSP), DSBD will support Co-operatives financially and non-financially. In 2026/27, the Department aims to provide financial assistance to 50 co-operatives.
- **National Informal Business Upliftment Strategy:** Support informal enterprises via local chambers, business associations, municipalities, and LED offices. Under the Informal Micro Enterprise Development Programme (IMEDP), 3 000 informal businesses will receive support in 2026/27.

2. Policy and Legislative Framework to Enable MSME Growth

- **MSME and Co-operatives Funding Policy:** Improve MSME access to finance through the Fund of Funds and Movable Assets Collateral mechanisms, with key deliverables including:
 - o Implementation of the Fund of Funds Plan
 - o Operationalisation of the Movable Assets Collateral Registry

- **Red Tape Reduction Programme:** In partnership with national departments and provinces, remove regulatory and administrative barriers to MSME growth. Key activities include:
 - o Reform of five laws/regulations imposing administrative burdens
 - o Support to 20 municipalities on E-Registration System rollout
 - o Implementation of four Red Tape Reduction indicators
 - o Collaboration with National Treasury to enforce 30-day payment compliance for MSMEs
 - o Monitoring the Business Licensing Bill implementation
- **Digitalisation and Innovation:** Implement the DSBD Digital Transformation Strategy to strengthen digital systems, enhance innovation, and improve service efficiency.
- **Support for Small Enterprises, Rural, and Township Economies:** Ensure effective delivery, monitoring, and reporting of MSME development programmes, including:
 - o Bi-annual progress reports on the National Entrepreneurship Strategy and Incubation/Business Development Services Framework
 - o Reviews and redesign of financial and non-financial programmes
 - o Regular monitoring of DSBD policies, strategies, key programmes, and partnerships
 - o Monitoring compliance with the 30-day payment requirement for MSMEs
 - o Reporting on sector outputs aligned to the MTDP
- **Policy Development and Cabinet Submissions:** Prioritised policy instruments for development and submission include:
 - o National Policy Framework on Incentives for Small Enterprises
 - o Start-Up Policy
 - o Enterprise and Supplier Development (ESD) Policy
- **Asset Assist Support Programme:** Provide financial assistance for productive assets to improve MSME capacity, productivity, and competitiveness. In 2026/27, support 868 township and rural MSMEs through the Asset Assist Programme, prioritising women, youth, and PWDs. Eligible MSMEs must be CIPC-registered and tax-compliant.

3. Localisation Policy Framework and Implementation Programme

Strengthen local manufacturing, promote import substitution, and expand markets for MSME goods. In 2026/27, 350 MSMEs and co-operatives will be connected to markets:

- 150 MSMEs exposed to domestic market opportunities
- 200 MSMEs exposed to international market opportunities

4. Business Infrastructure Support

Enhance MSME market access through the development and improvement of business infrastructure. In 2026/27, 100 MSMEs and co-operatives will benefit from the Business Infrastructure Support Programme, including construction/refurbishment of product markets, MSME hubs, and provision of equipment, tools, machinery, technology, and energy support.

5. Prioritisation of Target Groups

All MSME interventions will prioritise inclusion and equitable participation, as per the following MTDP-determined thresholds:

- Women: 35%
- Youth: 30%
- PWDs: 3%

Special emphasis will be placed on enterprises located within township and rural areas.

Public-Private Partnerships

The Department did not enter into any public-private partnerships as defined in Treasury Regulation 16.

Discontinued key activities/activities to be discontinued

There were no discontinued activities during the year under review.

New or proposed key activities

No.	List new / proposed activities	Reasons for new activities	Effect on the operations of the Department	Financial year implication of each new activity
1.	Compliance Assessment Instrument	The Department has led the development of the Compliance Assessment Instrument (CAI) as a strategic intervention to support the implementation of the Public Procurement Act (No. 28 of 2024), with particular focus on the preferential procurement provisions. Instrument designed to assess whether public procurement interventions are effectively translating into meaningful participation by MSMEs, including enterprises owned by women, youth, and persons with disabilities.	Positive as the department now will play a pivotal role in ensuring that MSMEs and Co-operatives' public procurement interventions are effectively translating into meaningful participation by MSMEs, including enterprises owned by women, youth, and persons with disabilities.	Goods and Services item
2.	Asset Assist Programme	The Asset Assist Programme was previously implemented by SEDFA, using its 'client-journey approach', which is aimed at establishing a long-term relationship with clients. With DSBD coming in, prior to embarking on any intervention, a district coordinator / DSBD official will assist clients with completing the application process, assessing client needs and processing the completed application.	Asset Assist Programme is a DSBD-implemented programme that is fully funded by DSBD with the objective to support small businesses with equipment, machinery and stock. The programme is targeted at South African MSMEs that are registered with CIPC and are compliant with tax requirements and other requirements that may be specified. Sole traders that are tax compliant are also eligible to apply. The Asset Assist Programme places priority on small businesses in rural, township and peri-urban areas, with a bias towards women, youth and persons with disabilities. The small businesses must demonstrate potential and/or capacity to produce, manufacture and supply goods and services to the public and private sector on a sustainable basis. The scheme offers financial assistance of a 100% grant up to a maximum of R250 000.	The Programme offers a grant with a maximum amount of R250 000 per supported MSME.
3.	The One National Plan	The overarching objective of the One National Plan is to have one combined plan that is inclusive of both government and the private sector for the creation of new MSMEs and job creation by the MSMEs.	The One National Plan will, in its completion, detail specific sectors (i.e., primary, secondary and tertiary) with targets that will enable the country to have a baseline and, together with public and private sector institutions, attain the 2 million new MSMEs targets.	Goods and Services item

No.	List new / proposed activities	Reasons for new activities	Effect on the operations of the Department	Financial year implication of each new activity
4.	Establishment of Knowledge Hub	To centralise information, research, and institutional knowledge. To improve access to information and knowledge management. To preserve institutional memory and best practices.	Enhanced staff knowledge and professional development. Increased collaboration and networking opportunities. Additional coordination, logistics, and budgeting responsibilities.	Goods and Services item

Supply Chain Management:

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

There was no unsolicited bid for the financial year under review.

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

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

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

The Supply Chain Management unit is facing capacity challenges. This challenge has been highlighted in the Financial Management's Operational Plan and reports, but it remains unresolved due to limited financial resources, which is a department-wide phenomenon.

Gifts and Donations received in kind from non-related parties during 2025/26 financial year

No.	Name of Donor	Description	Estimated Amount (R)
1.	Department of Small Business Development	The DSBD sponsored four MSMEs to participate in a workshop held in Umhlanga	R14 626.28
2.	Pakistan commission	Chocolates	R130.00
3.	Pakistan commission	Chocolates	R130.00
4.	SITA Govtech	Complementary ticket	R18 000.00
5.	Pakistan Minister	Pakistani carpet	R3 500.00
6.	Mapani District	Story book	R420.00
7.	International Finance Corporation Nigeria	Sponsorship trip to attend funding for knowledge exchange trip to Nigeria	R71 042.42
8.	Anroweb	DSBD received a right to use access to business connect Information Management system from Anroweb.	R8 670 000.00

Exemptions and deviations received from the National Treasury

No exemptions or deviations were requested or received from National Treasury during the financial year under review.

Events after the reporting date

Not applicable.

Other

Not applicable.

Acknowledgements or Appreciation

It is with sincere gratitude that I acknowledge the collective efforts, commitment, and dedication that contributed to the 93% performance achievement recorded by the Department of Small Business Development during the 2025/26 financial year. This achievement reflects the Department's continued focus on strengthening governance, improving service delivery, advancing enterprise development, and supporting inclusive economic growth in line with the Government's priorities and the National Development Plan.

I extend my appreciation to the Honourable Minister, Ms Stella Ndabeni, for her strategic leadership and guidance; the Deputy Minister, Ms Jane Sithole, senior management, and all officials of the Department and its entity, SEDFA, for their unwavering commitment towards the implementation of the Department's mandate and strategic objectives. The progress achieved during the year is a result of collaborative effort, institutional resilience, and a shared commitment to improving the participation and sustainability of small enterprises, cooperatives, and informal businesses within the economy.

I further acknowledge the valuable contribution of our stakeholders, including other government departments, public entities, the private sector, organised business, development partners, and civil society organisations, whose continued collaboration and support strengthened the implementation of programmes and initiatives aimed at supporting MSMEs and cooperatives.

The Department remains committed to building on the progress achieved during the year under review and to further strengthen the small business ecosystem to promote inclusive growth, job creation, innovation, and economic transformation.



Ms Thulisile Manzini

Accounting Officer

Department of Small Business Development

Date: 28 September 2026

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

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

- All information and amounts disclosed throughout the annual report are consistent.
- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part F) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.
- The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.
- In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2026.

Yours faithfully,



Ms Thulisile Manzini

Director-General

Department of Small Business Development

Date: 28 September 2026

7. STRATEGIC OVERVIEW

7.1 Vision

A transformed and inclusive economy led by sustainable and competitive MSMEs contributing to broad-based economic growth.

7.2 Mission

- To lead, coordinate the integration and mobilisation of resources in the ecosystem.
- To create an enabling environment for the growth, development and sustainability of MSMEs.

7.3 Values

Shared Values	What it means in practice / Behavioural Indicators
Caring Organisation	Living this value means that we will: • Invest in the growth and development of our staff members. • Invest in the wellbeing of our staff members and create a learning organisation.
Innovation	Living this value means that we will seek to: • Foster innovative ideas and solutions in order to deliver exceptional results. • Continuously seek new and better ways to serve our clients.
Integrity	Living this value means that we will seek to: • Consistently honour our commitments. • Uphold ethical and honest behaviour. • Ensure open and transparent communication. • Behave with integrity in all our actions, always acting in the best interests of the organisation.
Professionalism	Living this value means that we will seek to: • Serve with utmost respect, competence and professional mannerism. • Display punctuality, reliability, dependability and a commitment to meet deadlines. • Co-operate with all role players.
Customer Centric	Living this value means that we will seek to: • 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 for and support them. • Always be available and accessible in providing public services to our society. • Understand customer needs and respond timeously, efficiently and effectively to customer queries and requests.
Commitment	Living this value means that we will seek to: • 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. • Display a solution-driven attitude and commitment to serve.

8. LEGISLATIVE AND OTHER MANDATES

8.1 Constitutional mandate

The Constitution (1996) 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 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 entity derive their primary mandate from the Constitution of the Republic of South Africa, 1996, and in particular:

1. Section 22 – enshrines freedom of trade, occupation and profession:

“Every citizen has the right to choose their trade, occupation or profession freely. The practice of a trade, occupation or profession may be regulated by law.”

2. Section 217 – which requires that:

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

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

8.2 Legislative mandate

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

Legislation and Policy	Mandate and Primary Outputs
National Small Enterprise Act, 102 of 1996, as amended.	• To provide for the establishment of the Advisory Body and the Small Enterprise Development and Finance Agency (SE DFA); • To provide for the functioning of the Agency; to ensure the provision of financial and non-financial support services to small enterprises; • To promote the development of sustainable and responsible co-operative banking; • To provide for the establishment of the Office of the Small Enterprise Ombud Service; • To enable an equitable trading environment for small enterprises through the provision of affordable and effective access to justice; • To empower the Minister to declare certain practices in relation to small enterprises to be prohibited as unfair trading practices; and • To provide for the transitional arrangements necessitated by the establishment of the Agency; to effect consequential or necessary amendments to the Co-operative Banks Act, 2007.

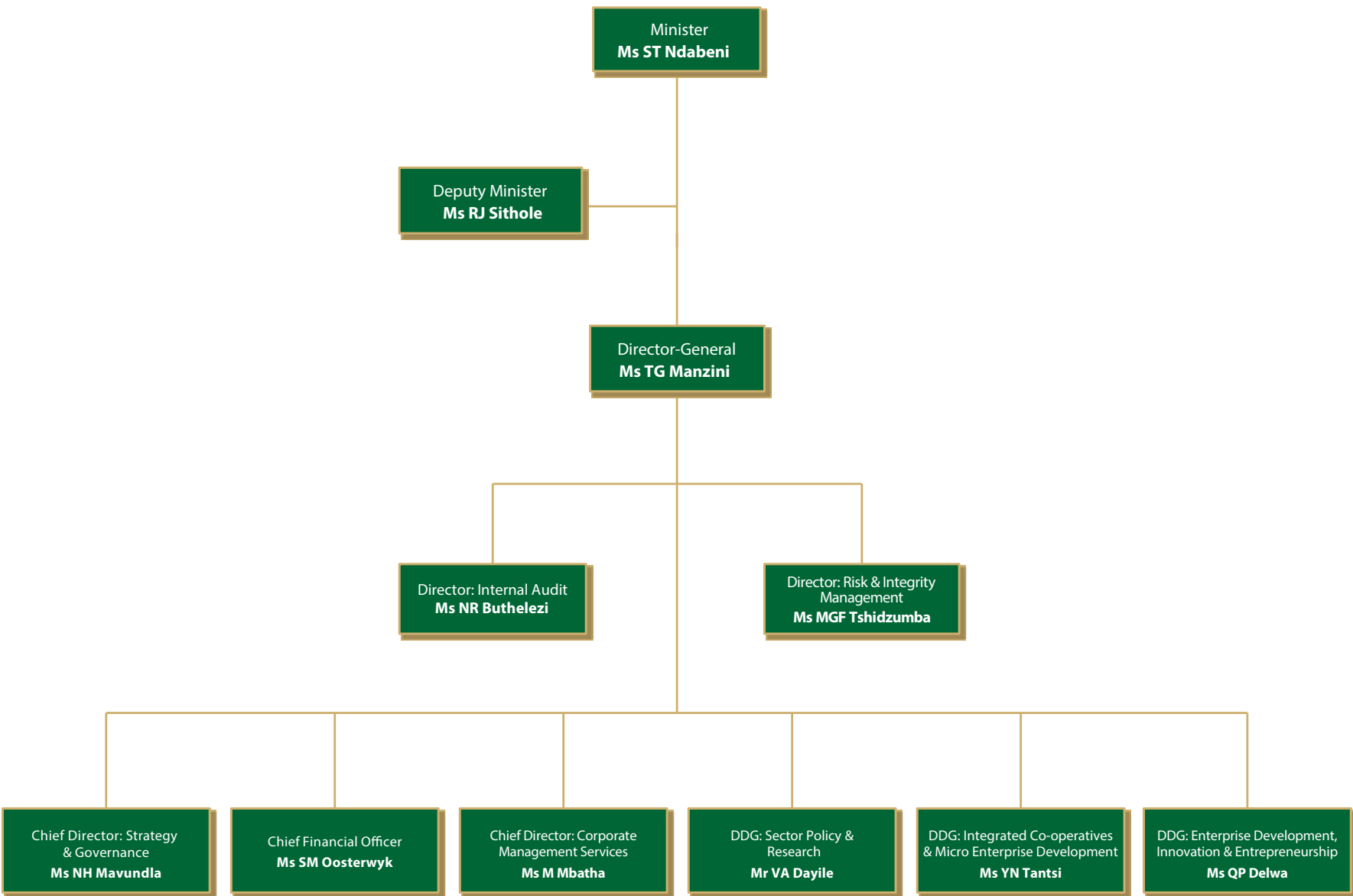
Legislation and Policy	Mandate and Primary Outputs
Businesses Act, 1991 (Act No. 71 of 1991)	• To repeal or amend certain laws regarding the licensing and carrying on of businesses, and shop hours; • To make certain new provisions regarding such licensing and carrying on of businesses; and • To provide for matters connected therewith.
Section 3(d) of the Industrial Development Corporation Act, 1940 (Act No. 22 of 1940) (IDC Act).	• Section 3(d) of this Act reads “to foster the development of small and medium enterprises and co-operatives”. • Small Enterprise Development Finance Agency (SEDFA) supports the development of sustainable MSMEs through the provision of finance.
Co-operatives Development Act, 2005 (Act No. 14 of 2005), as amended.	• To provide for the formation and registration of Co-operatives; the establishment of a Co-operatives Advisory Board; the winding up of Cooperatives; the repeal of Act 91 of 1981; and matters connected therewith; • To provide for Co-operative principles and for compliance with Co-operative principles; • To provide for the categories, application for registration and registration of Co-operatives; • To provide for the constitution and functions of Co-operatives; • To provide for the registered offices of Co-operatives, as well as the record-keeping by Co-operatives; • To provide for membership and general meetings of members, and governance of Co-operatives; • To provide for the capital structures and the financial reporting and the independent audit or review of Co-operatives; • To provide for the board of directors; • To provide for the management of co-operatives through their board of directors; • To provide for capital structures of co-operatives; • To provide for the amalgamation, division, conversion and transfers of Co-operatives to any other form of juristic person; • To provide for the winding-up and deregistration of co-operatives; • To provide for judicial management of co-operatives; • To provide for the administration of the Act; • To establish the Co-operative Advisory Council; • To provide for the membership and functions of the Council; • To establish the Co-operatives Development Agency; • To provide for governance of the Agency; • To provide for the legal status, functions and powers of the Agency; • To establish the board of the Agency; • To provide for the governance of the Agency; • To provide for the funding and financial management of the Agency; • To establish the Co-operative Tribunal; • To provide for the functions and composition of the Tribunal; • To provide for special provisions relating to certain kinds of Co-operatives; • To provide for co-operation between governmental agencies in (sic) for the promotion and support of Co-operatives; and • To provide for matters connected therewith.

Legislation and Policy	Mandate and Primary Outputs
Co-operatives Development Policy for South Africa (2004)	• To create an enabling environment for Co-operative enterprises which reduces the disparities between urban and rural businesses and is conducive to entrepreneurship; • To promote the development of economically sustainable Co-operatives that will significantly contribute to the country's economic growth; • To increase the number and variety of economic enterprises operating in the formal economy; • To increase the competitiveness of the Co-operatives sector so that it is better able to take advantage of opportunities emerging in national, African and international markets; • To encourage persons and groups who subscribe to the values of self-reliance and self-help, and who choose to work together in democratically controlled enterprises and to register Co-operatives in terms of this Act; • To enable such Co-operative enterprises to register and acquire a legal status separate from their members; • To promote greater participation of black persons, especially those in rural areas, and WYPWDs in the formation of and management of Co-operatives; • To establish a legislative framework that will preserve the co-operative as a distinct legal entity; and • To facilitate the provision of support programmes that target co-operatives, specifically those that create employment or benefit disadvantaged groups.

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

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

9. ORGANISATIONAL STRUCTURE



10. ENTITIES REPORTING TO THE MINISTER

The table below indicates the entities that report to the Minister.

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
Small Enterprise Development Finance Agency (SEDFA)	SEDFA is established in terms of the National Small Enterprise Amendment Act 21 of 2024, which amends the National Small Enterprise Act 102 of 1996. The Act provides for the establishment of SEDFA as a state-owned company to deliver integrated financial and non-financial support to small enterprises and co-operatives, promote entrepreneurship, and enhance economic growth, job creation and inclusion.	1,907,604	- Offering a comprehensive suite of financial and non-financial services tailored to the needs of small enterprises. - Providing personalised, needs-based assistance to empower small enterprises and improve their market readiness. - Leveraging partnerships with financial institutions, government agencies, and industry stakeholders to enhance support and resource sharing. - Empowering small enterprises through training, mentorship, and skills development to build capacity. - Embracing technology and best practices to address evolving market challenges and improve efficiency. - Ensuring equitable access to services, particularly for enterprises in marginalised communities. - Promoting long-term growth and responsible entrepreneurship that contributes to sustainable economic development.





PART B

Performance Information



1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) currently performs certain audit procedures on the performance information to provide 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 168 of the Report of the Auditor-General, published as Part F: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

The Department's performance against the output indicators and targets contained in the tabled 2025/26 Annual Performance Plan (APP) is detailed in the tables below. The 2025/26 financial year marked the first year of implementation of the Department's 2025–30 Strategic Plan within the Seventh Administration. Accordingly, the 2025/26 Annual Report presents the Department's performance against the tabled 2025/26 APP and reflects progress made towards achieving the Department's strategic objectives and overall mandate.

Standards for Annual Targets Category:

Category	Number of Targets	Percentage
Achieved	38	93%
Not Achieved	3	7%
Total	41	100%

During the year under review, targets were considered achieved only if 100% of their elements were timeously attained or exceeded. Targets that fell within the 0–99% range were regarded as not achieved, as the Department does not report on partial achievement. Based on this

understanding or analysis of achievement, the DSBD achieved 38 (93%) of its annual targets, while 3 (7%) were not achieved.

2.1 Service Delivery Environment

With due consideration of the challenges, achievements, and other factors impacting the Department's performance, it is important to provide an overview of the context and service delivery environment within which the Department implemented its 2025–2030 Strategic Plan and APP during the 2025/26 financial year.

During the period under review, the DSBD operated in a constrained economic environment characterised by slow economic growth, fiscal limitations, rising operational costs, and persistent energy supply challenges. These external factors had a direct impact on the Department's ability to fully achieve certain APP targets, particularly those relating to infrastructure delivery, enterprise support, timely disbursement of financial assistance, and the refinement and finalisation of the Business Licensing Bill.

The MSME and co-operative sector in South Africa continued to face structural constraints, including inadequate access to essential business infrastructure, limited access to finance, and capacity challenges. Delays in finalising the long-awaited Business Licensing Bill also contributed to uncertainty in the operating environment. These constraints negatively affected business productivity, competitiveness, sustainability, and the ease of doing business, particularly for enterprises operating in rural, township, and peri-urban areas. In addition, infrastructure-related interventions were often affected by implementation delays, budget misalignment, and maintenance challenges, which weakened their intended developmental impact.

In response to these challenges, the Department strengthened its programme interventions during the year under review, notably through the implementation of the Business Infrastructure Support Programme (BISP) and the Asset Assist Programme (AAP). The BISP is aimed at addressing infrastructure constraints through targeted support interventions, including MSME hubs, sector-specific equipment and machinery, renewable energy solutions, and non-financial business development support. The programme seeks to enhance enterprise productivity, improve market competitiveness, and support inclusive

economic growth through sustainable infrastructure development.

Access to finance remained a significant constraint within the MSME ecosystem. Challenges such as limited collateral, lack of credit history, complex application processes, and high lending costs continued to hinder access to funding. These challenges were more prominent among start-ups, informal enterprises, and businesses operating in underserved areas. Guided by research findings and policy direction, including the MSMEs and Co-operatives Funding Policy of 2023, the Department introduced targeted interventions aimed at improving financial inclusion and addressing systemic funding gaps.

The Asset Assist Programme (AAP), implemented during the 2025/26 financial year, was designed to support qualifying MSMEs through the provision of equipment and machinery. The programme targeted registered and tax-compliant enterprises, including eligible sole traders. While the programme represented an important step towards improving access to productive assets, implementation was affected by delays in finalising programme guidelines, systems, and operational processes, resulting in late disbursement to beneficiaries.

Despite these constraints, the Department recorded notable progress in key programme areas, particularly in the rollout of BISP and AAP interventions. Achievements included the approval and implementation of infrastructure projects, increased provision of financial and non-financial support to MSMEs and Co-operatives, and strengthened collaboration with its entity, the SEDFA. Improvements in internal processes and ongoing digital transformation initiatives also contributed positively to service delivery.

However, the Department continued to experience challenges relating to procurement delays, capacity constraints, and dependencies on external approvals and stakeholder inputs. These factors, in some instances, affected

the pace of implementation and resulted in deviations from planned quarterly targets. Furthermore, the Department closed the 2025/26 financial year with a vacancy rate of 14.9%. This high vacancy rate adversely affected the Department's capacity to optimise service delivery and achieve planned targets.

Additional factors influencing performance included increasing demand for support from the small business sector, evolving policy priorities, and the need for enhanced intergovernmental coordination. In response, the Department strengthened its monitoring and evaluation systems, improved planning alignment, and implemented corrective measures to address areas of underperformance.

Overall, the Department remains committed to improving service delivery and achieving its Strategic Plan and APP targets through adaptive management, strengthened partnerships, and continuous improvements in operational efficiency.

2.2 Service Delivery Improvement Plan

The Department has developed and implemented a 2025-30 Service Delivery Improvement Plan (SDIP), which is aimed at enhancing the quality, accessibility, efficiency, and responsiveness of its services to citizens, particularly MSMEs and Co-operatives. The SDIP outlines key service delivery standards, improvement initiatives, and institutional mechanisms intended to strengthen service delivery performance and improve stakeholder experience.

The tables below present the core components of the SDIP, including the current and desired service delivery standards, as well as progress achieved during the reporting period. They provide an overview of the Department's performance against planned targets and highlight key achievements realised in advancing service delivery improvement initiatives.

Main services and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Providing support to the MSMEs and Co-operatives through the Asset Assist Programme (AAP).	MSMEs, Co-operatives, start-ups, and targeted groups (women, youth, and persons with disabilities), including township and rural enterprises.	38,2% Asset Assist Programme budget utilised.	50% Asset Assist Programme budget utilised.	0,0% Asset Assist Programme budget was disbursed.
Providing support to the MSMEs and Co-operatives through the Business Infrastructure Support Programme (BISP).	MSMEs, Co-operatives, start-ups, and targeted groups (women, youth, and persons with disabilities), including township and rural enterprises.	One (1) business infrastructure (i.e., products' markets) SMMEs and Co-operatives refurbished or built.	Ten (10) MSMEs and Co-operatives supported through Business Infrastructure Support Programme (including MSME hubs, equipment, tools, machinery, technology and energy support).	50 MSMEs and Co-operatives were supported through Business Infrastructure Support Programme.

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

Current/actual arrangements	Desired arrangements	Actual achievements
At least 10% of service recipients are consulted annually about the quality, cost and timing of department-specific services they are entitled to receive.	Consultation through: 1x Client Care satisfaction survey per annum.	The client satisfaction survey achieved a 51,5% response rate, indicating active stakeholder participation in assessing service quality.
Public information-sharing engagements on various interventions of the Department were held. These include consultative engagements, workshops, webinars, and public participation engagements conducted in municipalities within all 44 districts and eight metros	Public information-sharing engagements on various interventions of the Department were held. These include consultative engagements, workshops, webinars, and public participation engagements conducted in municipalities in all 44 districts and eight metros.	A total of 20 community and stakeholder engagements were conducted nationwide, including seminars and exhibitions to share information and promote MSME market access. The Department published six articles to profile its work and held three media briefings on key events and initiatives during the reporting period.
100% of facilities (SBD offerings) are available at no cost to citizens' satisfaction: Clients obtained useful and usable information at no cost.	100% of facilities (SBD offerings) are available at no cost to citizens' satisfaction: Clients obtained useful and usable information at no cost.	All departmental services (100%) were provided at no cost, ensuring citizens could access useful and relevant information freely. This included programmes such as the Asset Assist Programme, Business Infrastructure Support Programme, and IMEDP, with application processes supported through online platforms and municipal collaboration.
Service recipients should be given full, accurate, and user-friendly information about the services they are entitled to receive on a continuous basis.	Information sources available to citizens through: 2x Annual Reports each year. 2x Strategic Plans each year (where applicable). 2x Annual Performance Plan each year.	Information is made available to citizens through the DSBD and SEDFA websites, including Annual Reports (2023/24 and 2024/25), the 2025–2030 Strategic Plan, and Annual Performance Plans for 2025/26 and 2026/27.

Service delivery information tool

Current/actual information tools	Desired information tools	Actual achievements
100% of facilities (SBD offerings) are available at no cost (i.e., application fees) to citizens' satisfaction: Clients obtained useful and usable information at no cost.	100% of facilities (SBD offerings) are available at no cost to citizens' satisfaction: Clients obtained useful and usable information at no cost.	100% of DSBD facilities (offerings) were made available at no cost, ensuring citizens' satisfaction. Clients accessed useful and accessible information free of charge. These included: • Asset Assist Programme: Applications were open from 5 December 2025 to 9 January 2026 and submitted online. • Business Infrastructure Support Programme: Applications were open from 1 to 19 September 2025, with submissions via an online system or dedicated email. • IMEDP: Municipal LED offices were engaged to source applicants, with municipalities and SEDFA supporting application completion through workshops.
Online applications so beneficiaries do not have to incur transport costs.	Online applications so beneficiaries do not have to incur transport costs.	Online application platforms were utilised, enabling applicants to submit and track applications without incurring transport costs. Specifically: • Asset Assist Programme: Applications submitted via the SEDFA online portal (SEFALAS). • Business Infrastructure Support Programme: Applications submitted via an online platform or dedicated email. • IMEDP (current cycle): Applications were submitted manually.



Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
100% Complaints/Queries acknowledged within 5 working days and responses within 14 days	100% Complaints/Queries acknowledged within 5 working days and responses within 14 days.	A 100% acknowledgement rate of queries was achieved within 2 working days, improving on the 5-day standard. Progress feedback was provided on 80% of queries every 3 working days. The majority of queries and complaints were resolved within 3 working days, surpassing the 14-day standard. Approximately 20% of queries, received via the SBD info email, required intervention from Programme Managers. These were appropriately referred; however, response times exceeded 5 working days in some instances, despite the relevance of the feedback provided.
The call center receives and registers all queries or complaints. Queries and complaints are dealt with immediately by the call centre or escalated to the relevant business unit. All queries and complaints are resolved within 14 days.	The call center receives and registers all queries or complaints. Queries and complaints are dealt with immediately by the call centre or escalated to the relevant business unit. All queries and complaints are resolved within 14 days.	All queries and complaints received by the DSBD call centre were registered, attended to promptly, and escalated to relevant business units within the prescribed 14-day period.

2.3 Organisational environment

During the reporting period, the Department focused on strengthening its human resource capacity to support effective service delivery and organisational performance. Specific interventions were implemented to stabilise the workforce, strengthen leadership capacity, and improve employee skills in a challenging environment characterised by an evolving mandate, increasing workloads, and ongoing organisational reforms. Collectively, these interventions enhanced organisational stability and improved the Department's readiness to deliver on its Strategic Plan and Annual Performance Plan commitments.

A key achievement during the year under review was the strengthening of senior and executive management capacity through the filling of four critical leadership positions, namely: Deputy Director-General: Sector Policy and Research; Deputy Director-General: Integrated Co-operatives and Micro Enterprise Development; Chief Director: Economic Transformation Initiatives; and Chief Director: Value Chain and Market Access Support. The filling of these posts addressed long-standing capacity constraints, strengthened strategic leadership, and reduced risks associated with prolonged vacancies at a senior management level.

At the end of the 2025/26 reporting period, the Department had an approved staff establishment of 316 posts, of which 269 were filled, resulting in a vacancy rate of 14.9%. Although the vacancy rate remained above the desired threshold of 10%, progress was achieved through the implementation of a focused recruitment plan, resulting in a 5% reduction in vacancy levels during the financial year. This contributed towards alleviating workload pressures on existing employees and improving continuity in critical operational areas. Additional capacity support was provided through the appointment of interns and contract employees above the establishment to support priority and time-bound projects while permanent recruitment processes were underway.

Despite these improvements, the Department continued to experience operational pressures linked to capacity constraints, increasing workloads, and the continued reliance on manual and paper-based processes. The implementation of additional programme responsibilities, organisational assessments, and national compliance commitments further placed pressure on staff and management resources, which in certain instances affected implementation timelines and service delivery processes.

The Department also experienced disruptions arising from the departure of senior managers in key support and programme oversight roles. Interim measures were implemented to ensure operational continuity; however, these changes temporarily affected institutional memory and workflow coordination. To mitigate these risks, the Department prioritised recruitment processes, redistributed responsibilities, and strengthened management oversight mechanisms to ensure continuity of operations and minimise longer-term service delivery risks.

In response to the identified challenges, the Department intensified its efforts towards employee development and workforce professionalisation. Training and development interventions focused on leadership development, governance, compliance, organisational development, digital skills, and compulsory public service training programmes. These interventions were aimed at strengthening institutional capability, mitigating operational risks, and supporting effective service delivery. In addition, a return-on-investment assessment of training interventions was initiated during the period under review, with the outcomes to be finalised and reviewed during the 2026/27 financial year.

Employee performance management systems remained largely effective during the period under review, with high levels of compliance achieved across the Department. All performance moderation and outcome management processes were completed for the financial year under review. Although a limited number of non-compliance cases were identified, these were actively monitored and addressed through strengthened internal control measures. This contributed to maintaining accountability and performance alignment during a period characterised by organisational transition and workforce growth.

The Department also undertook a review of key human resource policies, including policies relating to job evaluation and employee retention. These reviews were intended to ensure that human resource management practices remain relevant, equitable, and responsive to organisational requirements, labour market conditions, and broader public service transformation objectives.

In addition, the Department developed a targeted strategy on the attraction and retention of youth aimed at strengthening youth representation within the organisation.

The Department further prioritised the advancement of designated groups in line with its employment equity commitments. Representation of women within the Senior Management Service (SMS) remained above 50%, with the reporting period closing at 50%, thereby sustaining gender parity at a senior leadership level. Representation of PWDs increased to 5%, exceeding the Department's minimum target of 4%. These outcomes demonstrate continued progress in advancing transformation, diversity, and inclusion across the organisation.

Furthermore, the Department strengthened labour relations through quarterly and ad hoc engagements with organised labour to consult on policy matters prior to approval and to ensure employee participation in decision-making processes. Ethical conduct and accountability were reinforced through quarterly training sessions on the Code of Conduct and the Disciplinary Code and Procedures. As a result, only six misconduct cases were recorded during the reporting period, all of which were finalised within the prescribed 90-day period.

The Department also promoted a safe, respectful, and inclusive working environment through the implementation of anti-harassment interventions. Newly appointed employees were required to sign anti-harassment pledges, while four awareness and training sessions were conducted on the DPSA Policy on the Elimination and Prevention of Harassment in the Workplace. Only one harassment case was reported during the financial year, and the matter was resolved amicably.

In fulfilment of governance and reporting obligations, the Department continued to submit quarterly reports on labour relations matters to FOSAD (Forum of South African Directors-General), biannual grievance reports to the Public Service Commission, and annual sexual harassment reports to the Department of Public Service and Administration (DPSA).

2.4 Key policy developments and legislative changes

The approval by Cabinet of the Incubation and Business Development Services (IBDS) Policy Framework, together with the National Entrepreneurship Strategy (NES) and Implementation Plan, for implementation marked a significant milestone in strengthening South Africa's small enterprise ecosystem and advancing the objectives of the

National Integrated Small Enterprise Development (NISED) Strategic Framework.

The National Entrepreneurship Strategy and its Implementation Plan established a coordinated, government-wide framework aimed at promoting entrepreneurship and unlocking the growth potential of MSMEs. The strategy seeks to strengthen entrepreneurship development, address youth unemployment, and improve the economic participation of historically disadvantaged groups. It further promotes alignment and coordination across government departments and stakeholders, positioning entrepreneurship as a viable career pathway and a key contributor to inclusive economic growth and job creation.

In parallel, the Incubation and Business Development Services (IBDS) Policy Framework was approved to strengthen the provision of non-financial support to MSMEs. The framework focuses on improving access to quality business development support services, particularly for enterprises operating within township and rural economies, while promoting innovation, sustainability, competitiveness, and enterprise growth.

As a key component of the broader NISED Strategic Framework, the IBDS Policy Framework contributes towards ensuring that business development services are coordinated, scalable, and responsive to the evolving needs of MSMEs and entrepreneurs.

These policy approvals strengthened the Department's ability to implement a more coordinated, responsive, and results-driven small enterprise support ecosystem aligned to national development priorities, inclusive economic growth, and sustainable job creation.

3. ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The Department commenced the implementation of the Departmental 2025–2030 Strategic Plan during the first year (2024/25) of the Seventh Administration, aligned to the 2024–2029 MTDP, with notable performance improvements compared to the beginning of the Sixth Administration.

During the Seventh Administration, the Department and its entity, SEDFA, are entrusted with playing a leading role in

advancing Strategic Priority 1: Drive Inclusive Growth and Job Creation, along with the achievement of its related outcomes and strategic interventions. The Department is also assigned a supporting role in the attainment of Strategic Priority 3: Build a Capable, Ethical and Developmental State.

The Department's Impact Statement states that sustainable, competitive MSMEs contributes to inclusive economic growth and job creation. To realise this impact, the Department has identified eight medium-term outcomes to be achieved over the 2025–2030 period. The following outlines the progress made towards the achievement of these eight outcomes during the 2025/26 financial year:

Outcome One: Improved Governance and Compliance

During the year under review, the Administration Programme focused on strengthening governance, compliance, and institutional accountability through enhanced oversight, transformation initiatives, risk management practices, and the implementation of risk-based internal audit plans. In addition, the Department implemented targeted recruitment and retention strategies aimed at reducing vacancy rates and ensuring the attraction, development, and retention of the critical skills required to fulfil its mandate effectively. The Department has made progress towards reducing the vacancy rate by 5% in line with the approved organisational structure, while advancing representation targets of at least 5% for Persons with Disabilities (PWDs).

In line with the two separate targets that inform the Output: Unqualified audit outcome of the Department, the Department achieved its fourth consecutive unqualified audit opinion with no material findings on its Annual Financial Statements and its fifth consecutive unqualified audit opinion with no material findings on non-financial performance information. The sustained implementation of the Audit Action Plan, monitored on a quarterly basis, contributed to improved control effectiveness and a reduction in repeat audit findings. The Department remains committed to sustaining and further strengthening its audit outcomes.

Furthermore, the Administration Programme continues to settle 100% of valid creditors within the prescribed 30-day period, thereby reinforcing sound financial management and compliance with regulatory requirements.

Outcome Two: Reduced regulatory and administrative burden for MSMEs

During the Seventh Administration, the Department remains committed to reducing the regulatory and administrative burdens affecting MSMEs. The 2024–2029 MTDP emphasises the implementation of legislative and administrative reforms aimed at reducing red tape and improving the ease of doing business.

Over the medium-term development plan, the Department committed to:

- recommending 28 laws and/or regulations for reform to reduce administrative burdens on MSMEs;
- supporting 100 municipalities in adopting the e-Registration System to streamline business formalisation processes; and
- facilitating the adoption of 14 Red Tape Reduction Indicators across national and provincial departments and municipalities to strengthen accountability and compliance performance.

During the year under review, the Department achieved its annual target of recommending five laws and/or regulations for reform to address administrative burdens affecting MSMEs. The recommended reforms are:

- National Treasury Instruction Note on the 30-Day Payment of Invoices;
- White Paper on Local Government (WPLG26);
- South African Revenue Service (SARS) tax-related burdens affecting MSMEs and co-operatives;
- Labour Relations Amendment Bill, 2025; and
- Draft Revised White Paper on Citizenship, Immigration and Refugee Protection, 2025.

Against an annual target of supporting 20 municipalities with the adoption of the e-Registration System, the Department supported 43 municipalities. This overachievement was driven by the high level of interest from municipalities seeking to transition from manual to digital systems. Consequently, demand for participation in the e-registration programme exceeded initial projections, with more municipalities requesting support than originally planned.

In addition, the Department facilitated the adoption of four Red Tape Reduction Indicators across national departments to strengthen accountability and improve compliance performance.

Furthermore, consultations on the Businesses Amendment Bill and related proposed amendments formed part of the Department's broader efforts to fulfil its mandate and medium-term objective of reducing regulatory burdens for small enterprises. The Bill seeks to establish a simplified and enabling business licensing framework through the introduction of national norms and standards and also by repealing the Businesses Act, 1991.

Progress on the Business Licensing Bill, 2025

The Department received feedback in the form of a legal opinion from the Office of the Chief State Law Adviser (OCSLA) on 16 April 2025, which proposed several revisions to the provisions of the Bill. In response, the Department addressed the comments and submitted a revised version of the Bill to OCSLA on 06 May 2025. A further revised Bill was submitted on 16 January 2026.

Legal certification was subsequently received from OCSLA on 25 February 2026, followed by Socio-Economic Impact Assessment System (SEIAS) approval from The Presidency on 26 February 2026. A stakeholder feedback session was convened on 03 March 2026. Thereafter, the Bill was presented to the ESIEID Clearing House Technical Task Team on 18 March 2026 and to the ESIEID Cluster of Directors-General on 26 March 2026, where approval was granted for submission to the ESIEID Cabinet Committee during the year under review. In the future, the Department will focus on finalising the remaining processes on securing Cabinet approval and subsequent consideration and approval by Parliament.

Outcome Three: Improved integrated and streamlined business processes and systems for MSMEs.

During the year under review, the Department continued to prioritise the modernisation of its business processes to improve access to services and strengthen digital inclusion within the MSME ecosystem. The Department set a target to ensure that approximately 1 million MSMEs use or access the SBD Portfolio digital platform through the review and implementation of the SBD Portfolio Digital Transformation Strategy.

During the reporting period, the Department and its entity, SEDFA, reviewed and finalised the SBD Portfolio Digital Transformation Strategy, which was then approved by the

Accounting Officer. The implementation of the strategy will support the expansion of digital access to portfolio products and services, with the objective of enabling more than 1 million MSMEs to use the platform over the medium term.

Outcome Four: Enhanced evidence-based business information and sector-wide monitoring and evaluation

The Department, through its Sector Policy and Research Branch, produced two substantive research reports during the year under review, aimed at strengthening evidence-based policy formulation and improving the effectiveness of MSME support interventions.

The first report focused on enhancing MSMEs' access to markets by identifying high-demand products and services within the domestic economy. This study analysed market trends, consumer demand patterns, and value-chain opportunities to better position MSMEs to participate in sectors with high growth potential. The findings will inform targeted support measures that improve market access, competitiveness, and enterprise sustainability.

The second report provided a comprehensive review of MSME support programmes implemented by national departments, sector departments, and provincial departments of economic development. The review assessed the design, coordination, effectiveness, and reach of existing support instruments, with a view to identifying duplication, gaps, and areas requiring improved alignment. The outcomes of this review are expected to strengthen intergovernmental coordination and enhance the efficiency of MSME support delivery across government.

In addition, the Department completed two evaluation studies during the 2025/26 financial year, namely:

- The Evaluation of the Informal Micro Enterprise Development Programme (IMEDP); and
- The Evaluation of the Shared Economic Infrastructure Facility (SEIF) Programme.

These evaluations assessed programme relevance, effectiveness, efficiency, and developmental impact. The findings provide critical insights into programme performance, implementation challenges, and areas requiring refinement to improve developmental outcomes for MSMEs and informal enterprises. The evidence generated will inform future programme redesign, resource allocation,

and policy refinement to ensure greater impact and value for money.

Furthermore, the Department's Intergovernmental Relations (IGR) Unit continued to play a key coordinating role in strengthening cooperative governance and ensuring a consistent and integrated approach to service delivery across spheres of government and key stakeholders. The unit actively facilitated collaboration between national, provincial, and sector partners to improve alignment of MSME support initiatives and reduce fragmentation in service delivery.

During the reporting period, the unit supported several strategic engagements, including the One Plan Provincial Consultations, the Preliminary Research Seminar, and the Right to Trade Dialogue hosted by the Minister of Small Business Development in the Free State in March 2026. These engagements provided important platforms for stakeholder consultations, policy dialogue, and the strengthening of intergovernmental coordination on MSME development priorities.

Outcome Five: Increased participation of MSMEs in domestic and international markets:

One of the key structural constraints to the growth and sustainability of MSMEs remains limited access to markets. In response, the Cabinet approved the MSME-focused Localisation Policy Framework and Implementation Plan during the 2020/21 financial year. The Department has continued to implement this framework as a key strategic instrument to expand market access, strengthen demand for locally produced goods and services, and enhance the competitiveness of MSMEs.

Over the Medium-Term Expenditure Framework (MTEF) period, the Department committed to linking 750 MSME-produced products to domestic markets. During the year under review, the Department exceeded its annual target by successfully linking 270 MSME products and services to domestic markets against a target of 250. In addition, 257 MSMEs were exposed to international market opportunities against an annual target of 200, reflecting strengthened efforts to integrate MSMEs into both domestic and global value chains.

As part of the continued implementation of the Localisation Policy Framework, the Department entered into a three-year

Memorandum of Agreement (MoA) with Proudly South African for the period 2023–2026. This partnership aims to enhance the visibility and competitiveness of locally produced MSME goods and services through coordinated localisation initiatives, including joint activations and participation in flagship platforms, which include the Buy Local Summit and Expo. The initiative also seeks to promote awareness among entrepreneurs of the benefits and opportunities associated with localisation and local procurement.

Furthermore, the Department, through its Integrated Co-operatives and Micro Enterprise Development Branch, led the development of the CAI as a strategic tool to support the implementation of the Public Procurement Act (No. 28 of 2024), with particular focus on the Preferential Procurement provisions. The CAI was conceptualised as an outcome-based monitoring instrument designed to assess whether public procurement interventions are translating into meaningful and measurable participation by MSMEs, including enterprises owned by women, youth, and PWDs.

From inception, the development of the CAI was intentionally aligned with the evolving regulatory framework of the National Treasury to ensure coherence, complementarity, and practical applicability within the broader public procurement system. This alignment strengthens the instrument's potential to enhance accountability, improve procurement outcomes, and support inclusive economic participation.

Outcome Six: Increased contribution of MSMEs in priority sectors

In response to the outcome of increased contribution of MSMEs in priority sectors, the Department during the year under review supported 30 cannabis enterprises within the cannabis and hemp sector. This programme is designed to enable MSME participation in priority and emerging sectors through coordinated interventions, targeted policy support, and the facilitation of sustainable market access.

The Department played a key coordination and enabling role by supporting enterprises to participate in a structured value chain, including facilitating linkages between production and market access through an off-take arrangement. This intervention addressed one of the most significant

constraints faced by MSMEs, namely, limited access to viable and sustained markets. As a result, supported enterprises were able to move beyond primary production into commercially viable activities linked to secured demand, thereby strengthening their integration into the cannabis value chain.

The value chain assessment undertaken for priority industries within the secondary sector also contributed directly to the outcome of increasing the participation of MSMEs and co-operatives in priority sectors. During the 2025/26 financial year, the gas industry was prioritised based on its economic performance and its potential to generate employment opportunities and stimulate industrial development. The assessment identified three key stages within the gas value chain, namely upstream, midstream, and downstream activities. It was found that the majority of opportunities for MSMEs and co-operatives exist within the downstream segment, particularly in areas such as equipment maintenance, metering services, transport, logistics solutions, and related support services. MSMEs can also play an important role in extending energy access to underserved and remote areas, thereby contributing to improved infrastructure delivery and expanded market reach for larger industry players.

However, the assessment also highlighted significant barriers limiting MSMEs' participation in the sector. These include limited technical expertise required for operation within a highly regulated and complex energy environment, as well as restricted access to finance due to insufficient collateral and limited credit history. These constraints hinder the ability of MSMEs to invest in critical areas such as equipment, training, and regulatory certifications, thereby limiting meaningful participation in the sector. A key recommendation emerging from the gas value chain assessment is for the DSBD to develop a sector-specific utilities support programme that addresses the unique needs of enterprises operating within the energy and utilities space.

Similarly, the value chain assessment conducted for the priority industry within the tertiary sector contributed to the outcome of increasing the participation of MSMEs and co-operatives in priority sectors. The tourism sector was selected as a priority industry for assessment during the 2025/26 financial year, given its critical role as a driver of economic growth, job creation, and social inclusion.

Tourism is uniquely positioned to stimulate consumer demand, connect underdeveloped and developed areas, and facilitate access to socio-economic opportunities across geographic boundaries. It further contributes to the creation of employment, income generation, and the development of sustainable and self-reliant communities. In addition, tourism plays an important role in promoting social cohesion and mutual understanding, as recognised by the United Nations World Tourism Organisation (UNWTO), which highlights its contribution to building peace and cross-cultural engagement globally.

The assessment identified that the Department should play a leading role in supporting MSME development within the tourism sector across national, provincial, and local spheres of government. Key challenges affecting MSME participation in the sector include high barriers to entry in high-value segments such as game drives and large accommodation establishments, limited access to funding despite existing government instruments such as the Tourism Transformation Fund and Tourism Equity Fund (largely due to compliance requirements), and inadequate financial literacy and record-keeping capacity.

Additional challenges include safety risks and gender-based vulnerabilities affecting women-owned enterprises in township-based accommodation, limited market access and strong competition from established corporations and foreign operators, as well as capacity gaps in formalisation, compliance, and marketing, particularly in developing tourism experiences and differentiated products.

The assessment further provides key recommendations to strengthen MSME participation in the tourism value chain, including improved coordination of support interventions, targeted capacity-building programmes, enhanced access to finance, and strengthened market access initiatives to ensure inclusive participation in the sector.

Outcome Seven: Improved and well-coordinated ecosystem support for small enterprises

During the 2025/26 financial year, the Department, together with its entity, SEDFA, led the finalisation and approval of the SBD Portfolio Integrated Engagement, Awareness and Communication Strategy. The strategy is intended to provide practical and effective communication channels, tools, and

activities aimed at enhancing the visibility, accessibility, and overall effectiveness of the SBD Portfolio. Its implementation is expected to strengthen both internal and external communication, improve stakeholder engagement, and increase awareness of the products and services offered across the SBD Portfolio.

Furthermore, the Department conducted a Client Satisfaction Survey during the year under review, with a target of ensuring that at least 51,5% of clients are satisfied with SBD Portfolio products and services. Client satisfaction serves as a key performance measure used to assess the extent to which beneficiaries are satisfied with the quality, accessibility, responsiveness, and effectiveness of the Portfolio's products, services, and support interventions. The findings of the survey will assist the Department and SEDFA in identifying service delivery gaps, improving customer experience, and refining products and services to better respond to the needs of MSMEs and Co-operatives.

Recognising the importance of resource mobilisation in promoting the growth, sustainability, and competitiveness of MSMEs, the Department also focused on strengthening strategic partnerships to unlock sector-specific opportunities and broaden support mechanisms available to small enterprises. To support this objective, the Department continued to pursue collaboration agreements with both public and private sector institutions, while simultaneously reviewing existing partnership guidelines towards the development of a comprehensive sectoral partnership framework.

At the end of the 2025/26 financial year, five partnership agreements with public and private sector institutions were approved by the Accounting Officer to support MSMEs. These partnerships were secured with:

- Eastern Cape Rural Development Agency (ECRDA);
- National House of Traditional and Khoi-San Leaders (NHTKL);
- Department of Land Reform and Rural Development (DLRRD);
- Japan International Cooperation Agency (JICA); and
- Absa Group.

These partnerships are intended to support enterprise development initiatives, facilitate resource mobilisation, improve market access opportunities, strengthen rural enterprise development, and enhance collaboration across sectors to support inclusive economic participation.

In addition, the Intergovernmental Relations (IGR) function focused on implementing an appropriate framework to promote and institutionalise a coordinated and consistent approach to service delivery in collaboration with key stakeholders. Particular emphasis was placed on strengthening compliance with the 30-day payment requirement for MSMEs in partnership with National Treasury, recognising the importance of timely payments in supporting the cash flow and sustainability of small enterprises.

During the year under review, the Annual Monitoring Report on compliance with the 30-day payment requirement for MSMEs was approved by the Accounting Officer. The report serves as an important oversight mechanism for monitoring payment compliance across government institutions and contributes to strengthening accountability, improving financial responsiveness, and supporting the sustainability of MSMEs.

Lastly, during the implementation period of the 2025/26 financial year, the Business Infrastructure Support Programme (BISP) had an annual target of the refurbishment or construction of ten business infrastructure facilities, including product markets and MSME hubs. The programme was implemented through three key components, namely built infrastructure, energy support, and equipment support. Through these interventions. At the end of the financial year, a total of 11 MSMEs had been supported through the energy and equipment support components of the BISP, thereby exceeding the annual target set.

Implementation of the programme was undertaken in phased batches between December 2025 and March 2026 to allow for structured approvals, improved project management, and progressive disbursement of funds. While the programme recorded notable progress, several operational and administrative challenges were experienced, particularly relating to project readiness, compliance requirements, procurement processes, and delays in implementation.

Despite these challenges, the programme made a meaningful contribution towards enterprise development, infrastructure expansion, job creation, and the stimulation of local economic activity, particularly within rural and township economies.

Outcome Eight: Increased access to financial and non-financial support for Small Enterprises, Rural, and Township Economies

To contribute towards the outcome of increased access to financial and non-financial support for small enterprises, rural economies, and township economies, the Department, through the Integrated Co-operatives and Micro Enterprise Development (ICMED) branch, continued to implement targeted interventions aimed at supporting informal and micro enterprises during the year under review.

As part of these efforts, the Informal Micro Enterprise Development Programme (IMEDP) exceeded its annual target of supporting 2 000 informal and micro enterprises by successfully supporting a total of 2 490 enterprises during the 2025/26 financial year. This overachievement reflects the growing demand for informal business support interventions, particularly within rural, township, and underserved communities, as well as the Department's commitment to broadening economic participation and improving livelihood opportunities through enterprise development support.

The programme demonstrated strong performance throughout the implementation period, with several important lessons emerging from programme delivery. Targeted outreach initiatives and strengthened collaboration with municipalities, local stakeholders, and community structures proved effective in improving programme accessibility for priority groups, particularly enterprises found in rural and historically underserved areas. The programme also achieved strong participation by women-owned enterprises, exceeding minimum representation targets and contributing towards gender-inclusive economic participation.

However, implementation experiences also highlighted the need for more targeted interventions aimed at increasing youth participation and strengthening support mechanisms for persons with disabilities. This includes improving programme accessibility, ensuring the provision of appropriate tools and assistive support, and introducing more structured post-support mentorship and business development interventions. These findings underscore the importance of adopting a more differentiated, inclusive, and responsive programme design to better address the varying needs of different beneficiary groups going forward.



In addition, the absence of structured post-support training, mentorship, and aftercare support limited the programme's ability to maximise the long-term sustainability and growth potential of supported enterprises. The implementation experience therefore highlighted the importance of integrating enterprise development support with ongoing capacity-building, mentorship, and market access interventions to improve business sustainability outcomes.

In response to these implementation challenges, the Department identified the need for a more streamlined, technology-enabled, and integrated programme delivery model to improve operational efficiency and programme impact. Proposed improvements include strengthening partnerships with municipalities and strategic stakeholders through co-funding arrangements and resource-sharing mechanisms, while also enhancing internal coordination and programme oversight.

Furthermore, the planned introduction of a centralised digital Management Information System (MIS), supported by automation, standardised operating procedures, and clearly defined accountability timelines, is expected to significantly improve programme efficiency, transparency, monitoring, and reporting. The Department also intends to expand mentorship programmes, business development support services, market access initiatives, and digital monitoring tools to improve the sustainability, competitiveness, and long-term viability of supported enterprises.

In support of the broader outcome of increasing access to financial and non-financial support for small enterprises, rural economies, and township economies, several key policy frameworks and strategic instruments were developed and approved during the 2025/26 financial year. These include:

- the National Policy Framework on Incentives for Small Enterprises, approved by the Accounting Officer;
- the Township and Rural Economy Revitalisation Policy, approved by Cabinet for public comment;
- the Startup Policy, approved by the Accounting Officer;

- the National Entrepreneurship Strategy and Implementation Plan, approved by Cabinet for implementation; and
- the Incubation and Business Development Services Policy Framework, approved by Cabinet for implementation.

The AAP remained a critical intervention aimed at improving access to productive assets for qualifying MSMEs, particularly enterprises operating within underserved township and rural economies. Through the implementation of the programme, the Department sought to enhance enterprise productivity, competitiveness, operational sustainability, and participation in local economic activity.

The programme demonstrated equitable national reach, with beneficiary approvals distributed across all nine provinces. Provinces such as Limpopo, KwaZulu-Natal, and Gauteng recorded the highest number of approved beneficiaries, reflecting both high demand for support and the concentration of MSME activity within these regions. This broad provincial coverage contributed towards reducing spatial inequalities and strengthening economic participation within township and rural communities.

The procurement and delivery phase of the programme was initiated during Quarter 4, with deliveries scheduled to commence and/or take place across all provinces between April and May 2026 (Quarter 1 of 2026/27 financial year). A structured provincial delivery schedule was developed to facilitate the coordinated distribution of approved assets to the 925 beneficiaries. These interventions are expected to significantly improve the operational capacity, productivity, and sustainability of supported enterprises, thereby contributing to enterprise growth and job retention within local economies.

Collectively, these policy and strategic interventions are intended to strengthen the enabling environment for MSMEs and Co-operatives, improve coordination of enterprise support measures, stimulate entrepreneurship and innovation, and enhance inclusive participation in the economy, particularly within rural and township areas.

4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

4.1 Programme 1: Administration

4.1.1 Purpose:

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

4.1.2 Sub-programme and Purpose:

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

4.1.3 Institutional Outcomes

- Improved governance and compliance.
- Improved and well-co-ordinated ecosystem support for small enterprises.

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

During the 2025/26 financial year under review, the Administration Programme recorded significant achievements against its planned outputs and output indicators, contributing meaningfully towards the Department's outcomes of 'Improved Governance' and 'Compliance' and an 'Improved and Well-Coordinated Ecosystem Support for Small Enterprises'.

The programme focused on strengthening governance, compliance, and institutional accountability through enhanced oversight mechanisms, transformation initiatives, effective risk management practices, and the implementation of risk-based internal audit plans. The Department further implemented targeted recruitment and retention strategies

aimed at reducing vacancy rates and ensuring the attraction, development, and retention of critical skills required to deliver on its mandate effectively. Progress was made towards reducing the vacancy rate by 5% in line with the approved organisational structure, while also advancing employment equity targets of at least 5% representation for PWDs.

A significant governance achievement during the year under review was the Department attaining its fourth consecutive unqualified audit opinion with no material findings on the Annual Financial Statements and its fifth consecutive unqualified audit opinion with no material findings on non-financial performance information, in line with the two separate targets that inform the Output: Unqualified audit outcome of the Department. This achievement demonstrates the Department's sustained commitment to sound financial management, credible performance reporting, and strengthened internal controls. The consistent implementation and quarterly monitoring of the Audit Action Plan further contributed to improved control effectiveness and a reduction in repeat audit findings, thereby reinforcing institutional accountability and compliance.

In support of sound financial governance, the Administration Programme continues to settle 100% of valid creditors within the prescribed 30-day period. This achievement reflects continued compliance with regulatory requirements and contributed towards maintaining financial stability, supplier confidence, and efficient public sector financial management practices.

Significant progress was also realised towards the outcome of an 'Improved and Well-Coordinated Ecosystem Support for Small Enterprises'. During the year under review, the Department, together with its entity, the SEDFA, drove the finalisation and approval of the SBD Portfolio Integrated Engagement, Awareness and Communication Strategy. The Strategy is intended to strengthen the visibility, accessibility, and effectiveness of the SBD Portfolio through practical and coordinated communication channels, tools, and stakeholder engagement activities. Its implementation is expected to enhance both internal and external communication, improve stakeholder coordination, and increase awareness of products and services available to MSMEs and Co-operatives.

Furthermore, the Department conducted a Client Satisfaction Survey aimed at ensuring that at least 51,5% of clients are satisfied with the SBD Portfolio products and services. The

survey serves as an important mechanism for assessing the quality, accessibility, responsiveness, and effectiveness of services provided to beneficiaries. The findings will support continuous improvement initiatives by identifying service delivery gaps, enhancing customer experience, and refining support interventions to better respond to the needs of MSMEs and Co-operatives.

Additional achievements during the financial year included the implementation of 22 community and stakeholder engagement initiatives, support provided to five Community Social Facilitation (CSF) engagements led by the Minister, and the publication of five articles profiling the work and

impact of the Department. These initiatives helped strengthen stakeholder relations, improve public awareness, and promote a more integrated and responsive small enterprise development ecosystem.

These achievements contributed towards strengthening governance, improving institutional performance, enhancing stakeholder confidence, and supporting the government's broader strategic priorities of building a capable, ethical, and developmental state, while advancing inclusive economic growth and sustainable support for MSMEs and Co-operatives.



PROGRAMME ONE: ADMINISTRATION PERFORMANCE AGAINST THE TABLED 2025/2026 ANNUAL PERFORMANCE PLAN

Table 2.4.4.2: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Programme One: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Planned Annual Target 2025/26	**Actual Achievement 2025/26	Deviation from planned target to Actual Achievement 2025/26	Reasons for deviations
1. Improved governance and Compliance. 1.	1.1. Unqualified Audit Outcome for the Department 1.1.	a) Unqualified Audit Outcome on non- financial performance information obtained	Target Achieved: Unqualified audit outcome on non-financial performance information for 2022/23 financial year	Target Achieved: Unqualified Audit Outcome on non- financial performance information for 2023/24 financial year.	Unqualified Audit Outcome on non-financial performance information for 2024/25 financial year	Target Achieved: Unqualified Audit Outcome on non-financial performance information for 2024/25 financial year.	N/A	N/A
		b) Unqualified Audit Outcome on Annual Financial Statements obtained	Target Achieved: Unqualified audit outcome on Annual Financial Statements for 2022/23 financial year	Target Achieved: Unqualified Audit Outcome on Annual Financial Statements for 2023/24 financial year	Unqualified Audit Outcome on Annual Financial Statements for 2024/25 financial year	Target Achieved: Unqualified Audit Outcome on Annual Financial Statements for 2024/25 financial year	N/A	N/A
	1.2. Payment register	% of valid creditors paid within 30 days	Target Achieved: 100% of valid creditors were paid within 30 days	Target Achieved: 100% of valid creditors were paid within 30 days	100% of valid creditors paid within 30 days	Target Achieved: 100% of valid creditors were paid within 30 days	N/A	N/A

Programme One: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Planned Annual Target 2025/26	**Actual Achievement 2025/26	Deviation from planned target to Actual Achievement 2025/26	Reasons for deviations
	≥95% expenditure on annual budget	% variance on Annual budget	Target Achieved: 1,8% variance on annual budget	Target Achieved: 1,6% variance on annual budget	≤5% variance on annual budget.	Target Not Achieved: 10.4% variance on annual budget.	The acceptable level of variance was exceeded by 5.4%	Key contributors: Late commencement of the Asset Assist programme (R219.3 million); Delays in finalising agreements and processing claims for the four approved Hubs (R42.7 million); Vacancies (R14.9 million); and Communications Management had several planned procurement activities that were not concluded as intended due to operational and implementation constraints (R10.2 million).
	1.4. 5% reduction in vacancy rate towards filling the approved organisational structure	% reduction in vacancy rate towards filling the approved organisational structure	Target Achieved: 11,8% reduction in vacancy rate towards filling the approved organisational structure	Target Achieved: 6.6% reduction in vacancy rate towards filling the approved organisational structure	5% reduction in vacancy rate towards filling the approved organisational structure	Target Achieved: 5% reduction in vacancy rate towards filling the approved organisational structure	N/A	N/A
	1.5 ≥50% female in SMS employed	% female SMS representation	Target Achieved: 53.7% of female SMS representation.	Target Achieved: 54.3% of female SMS representation	≥ 50% of female SMS representation	Target Achieved: 50% of female SMS representation	N/A	N/A

Programme One: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Planned Annual Target 2025/26	**Actual Achievement 2025/26	Deviation from planned target to Actual Achievement 2025/26	Reasons for deviations
	1.6 ≥4% Representation of PWDs	% Representation of PWDs	Target Achieved: 3.7% representation of PWDs	Target Achieved: 4% representation of PWDs	≥4% Representation of PWDs	Target Achieved: 5% Representation of PWDs	Additional 1% representation of PWDs	Changes to the organisational establishment arising from employee attrition and new appointments during the reporting period impacted the overall representation of PWDs within the Department
2. Improved and well-co-ordinated ecosystem support for small enterprises.	2.1 SBD Portfolio Integrated Engagement, Awareness and Communication Strategy (to stakeholder relations).	SBD Portfolio Integrated Engagement, Awareness and Communication Strategy approved.	Target Achieved: 110 DSBD and Its Agencies' public engagement programmes implemented within District Municipalities.	Target Achieved: 116 DSBD and its Agencies' public engagement programmes implemented within district municipalities.	SBD Portfolio Integrated Engagement, Awareness and Communication Strategy approved.	Target Achieved: SBD Portfolio Integrated Engagement, Awareness and Communication Strategy was approved.	N/A	N/A
	2.2 Client Satisfaction Survey Report	% SBD client satisfaction response received on the survey.	New Indicator	New Indicator	50% SBD client satisfaction response received on the survey.	Target Achieved: 51.5% SBD client satisfaction response received on the survey.	1.5% additional SBD client satisfaction responses received on the survey.	More positive responses were received from participants.
	2.3 Media Briefings	Number of Department Media Briefings.	New Indicator	New Indicator	Four (4) Department Media Briefings.	Target Achieved: Four (4) Department Media Briefings were held.	N/A	N/A

Programme One: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Planned Annual Target 2025/26	**Actual Achievement 2025/26	Deviation from planned target to Actual Achievement 2025/26	Reasons for deviations
	2.4 Articles published	Number of articles issued to profile the work of the department.	New Indicator	New Indicator	Four (4) articles issued to profile the work of the department.	Target Achieved: Five (5) articles issued to profile the work of the department.	One (1) additional article was issued to profile the work of the department	The overachievement was driven by unanticipated demand to increase the profiling and marketing of SBD Portfolio programmes.
	2.5 Community engagements	Number of community and stakeholder engagements implemented.	New Indicator	New Indicator	Four (4) community and stakeholder engagements implemented.	Target Achieved: Twenty-two (22) community and stakeholder engagements were implemented.	Eighteen (18) additional community and stakeholder engagements were implemented.	The overachievement was caused by additional invitations that were received from key stakeholders whose initiatives are aligned with the mandate of the DSBD and its entity, the SEDFA.
	2.6 Meetings with Civil Society Forum (CSF) organisations	Number of CSF engagements with the Minister supported.	New Indicator	New Indicator	Four (4) CSF engagements with the Minister supported.	Target Achieved: Five (5) CSF engagements with the Minister supported.	One (1) additional CSF engagement with the Minister was supported.	The over achievement resulted from additional invitations received to participate in events organised in collaboration with SEDFA and the ecosystem partners.
	2.7 Targeted Campaigns conducted.	Number of targeted campaigns conducted.	New Indicator	New Indicator	One (1) Targeted Campaign conducted	Target Achieved: One (1) Targeted Campaign was conducted.	N/A	N/A

4.1.5 Linking performance with budgets

Sub-programme expenditure

Sub- Programme Name	2025/2026			2024/2025		
	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	41 261	41 117	144	42 464	42 281	183
Departmental Management	26 124	25 434	690	23 185	23 065	120
Corporate Management Services	109 702	96 134	13 568	76 778	76 451	327
Financial management	27 526	25 695	1 831	24 242	23 901	341
Total	204 613	188 380	16 233	166 669	165 699	970

Annual expenditure for Administration amounted to R188.4 million (92.1%) against the final appropriation of R204.6 million, resulting in an under expenditure of R16.2 million (7.9%). Communications Management contributed R10.2 million to the underspending, as several planned procurement activities were not concluded as intended due to operational and implementation constraints.

The main cost drivers on expenditure for this Programme are Compensation of Employees at R108 million and Goods and

Services at R74.2 million. The drivers on Goods and Services expenditure are travel and subsistence (R21.5 million), operating leases for office accommodation (R12 million), Computer Services (R6.4 million), Communications (R4.2 million), audit costs (R4.3 million), Legal fees (R4.9 million), Fleet services (R1.7 million), Venues and facilities (R2.5 million), Property payments (R2.3 million), Training and development (R1.3 million), Bursaries (R1.6 million), computers (R2.7 million) and cellphone contracts and photocopiers (R1.8 million).

4.1.6 Strategy to overcome areas of underperformance

Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
≤5% variance on annual budget.	5.4% variance on annual budget	The implementation plan for the Asset Assist Programme for the 2026/27 financial year has been revised to incorporate lessons learned during the year under review. The Department will fast-track project implementation by improving planning, accelerating procurement processes, and monitoring expenditure against targets on a monthly basis. It will also strengthen internal controls, conduct regular compliance reviews, and ensure that complete supporting documentation is maintained. The Department has in the 2026/27 financial year prioritised the review of the Business Infrastructure Support Programme (BISP) implementation model to prioritise the onboarding of implementation-ready projects and has strengthened the monitoring of the current project pipeline to ensure timely implementation, improved expenditure performance and the prompt disbursement of approved funds. Vacancies: Fast-track recruitment for critical funded posts and use temporary internal arrangements where necessary. The implementation of the SBD Portfolio Integrated and Awareness Engagement Communications Strategy, which entails a three-year budget-aligned communication plans 2025/26 – 2027/28, which will assist in monitoring the expenditure.

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

Not applicable to the DSBD.

4.2 Programme 2: Sector Policy and Research

4.2.1 Purpose:

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

4.2.2 Sub-Programme and Purpose:

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

4.2.3 Institutional Outcomes

- Reduced regulatory and administrative burden for MSMEs.
- Enhanced evidence-based business information and sector-wide monitoring and evaluation.
- Increased contribution of MSMEs in priority sectors.
- Improved and well-coordinated ecosystem support for small enterprises.

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

During the 2025/26 financial year under review, the Department, through the Sector Policy and Research Programme, recorded significant achievements against its planned outputs and output indicators, demonstrating strong performance across most of its annual targets, while exceeding performance in selected areas. The programme contributed directly towards four institutional outcomes, namely: Reduced Regulatory and Administrative Burden for MSMEs; Enhanced Evidence-Based Business Information and Sector-Wide Monitoring and Evaluation; Increased

Contribution of MSMEs in Priority Sectors; and Improved and Well-Coordinated Ecosystem Support for Small Enterprises.

In advancing evidence-based policy development and sector-wide monitoring, the programme successfully conducted two strategic research studies, namely: (i) a study on enhancing MSMEs' access to markets through the identification of high-demand products and services within the domestic economy; and (ii) a review of MSME support programmes offered by national, sectoral, and provincial departments of economic development. These studies contributed towards strengthening policy planning, improving programme coordination, and enhancing the evidence base required to support targeted interventions aimed at improving MSME competitiveness and sustainability.

In support of the MTDP 2024–2029 priority of reducing red tape and improving ease of doing business, the Department achieved its annual target of recommending five laws and/or regulations for reform due to their administrative burden on MSMEs. The identified reforms included the National Treasury Instruction Note on 30-Day Payment of Invoices; the White Paper on Local Government (WPLG26); SARS tax-related burdens affecting MSMEs and Co-operatives; the Labour Relations Amendment Bill, 2025; and the Draft Revised White Paper on Citizenship, Immigration and Refugee Protection, 2025. These interventions contributed to improving the regulatory environment for MSMEs and advancing a more enabling and business-friendly ecosystem.

The programme significantly exceeded its target relating to the adoption of the e-Registration System by municipalities. Against an annual target of supporting 20 municipalities, the Department successfully supported 43 municipalities through provincial workshops. This overachievement was driven by increased demand and strong interest from municipalities seeking to transition from manual to digital systems. The expanded adoption of the e-Registration System contributes towards improving administrative efficiency, strengthening data management, and enhancing coordination within the small enterprise ecosystem.

In contributing to increasing MSME participation in priority sectors, the Department supported 30 cannabis enterprises during the financial year under review. The support focused on enabling MSME participation within the cannabis and hemp value chain through coordinated interventions, policy support, and market access facilitation. The Department played an enabling role by facilitating production linkages

and supporting off-take arrangements, thereby addressing one of the key constraints facing MSMEs, namely, limited market access. This intervention enabled supported enterprises to move beyond primary production into commercially viable activities linked to confirmed markets, particularly benefiting rural enterprises. The initiative contributed towards inclusive economic growth, rural development, job creation, and sustainable enterprise participation within a high-potential sector.

The programme further contributed towards increasing MSME participation in priority industries through the completion of value chain assessments in both the secondary and tertiary sectors. In the secondary sector, the gas industry was prioritised due to its economic growth potential and capacity to create employment opportunities. The value chain assessment identified opportunities for MSMEs and Co-operatives, particularly within the downstream segment, including equipment maintenance, metering, transportation, logistics, and energy service delivery to underserved communities. However, the assessment also identified critical constraints affecting MSME participation, including limited technical expertise, compliance challenges within the highly regulated energy sector, and restricted access to finance due to inadequate collateral and limited credit history. One of the key recommendations arising from the assessment was the development of a utilities support programme by the Department to address sector-specific support needs and improve MSME participation within the gas industry value chain.

In the tertiary sector, the tourism industry was selected for a value chain assessment due to its significant role in driving economic growth, stimulating demand, creating employment, and linking underdeveloped communities with developed economic centres. The assessment highlighted tourism's contribution to inclusive socio-economic development and sustainable livelihoods. However, several challenges affecting MSMEs and Co-operatives within the tourism sector were identified, including barriers facing Black entrepreneurs in high-value market segments, limited access to funding due to compliance requirements, low financial literacy levels, safety

and gender-related vulnerabilities affecting women-owned enterprises, market access limitations, and gaps in formalisation, compliance, and marketing capabilities. The assessment provided strategic recommendations aimed at strengthening support interventions to enable greater participation of small businesses in the tourism economy.

Furthermore, the programme continued to prioritise women, youth, and PWDs within its service delivery environment through targeted policy, research, stakeholder engagement, and enterprise support interventions aimed at promoting inclusive participation in the small enterprise sector. In implementing its programmes and initiatives, the Department ensured that designated groups remained central beneficiaries of enterprise development opportunities, market access initiatives, ecosystem coordination interventions, and sector participation programmes.

The programme's interventions in priority sectors such as cannabis and tourism particularly focused on expanding opportunities for women- and youth-owned enterprises, especially those operating in rural and township economies. Through stakeholder engagements, provincial workshops, and ecosystem support initiatives, the Department promoted increased awareness and participation of designated groups in available support programmes and economic opportunities. Furthermore, the adoption and expansion of digital systems such as the e-Registration System contributed towards improving accessibility of services for entrepreneurs from underserved communities, including youth, women, and persons with disabilities.

The achievements of the Sector Policy and Research Programme during the year under review contributed significantly to strengthening evidence-based policymaking, reducing regulatory barriers, improving ecosystem coordination, and increasing MSME participation in priority sectors. These achievements further supported the government's broader strategic priorities of inclusive economic growth, employment creation, rural and township economic development, economic transformation, and building a capable developmental state that enables sustainable MSME and Co-operative growth.

PROGRAMME TWO: SECTOR POLICY AND RESEARCH PERFORMANCE AGAINST THE TABLED 2025/26 ANNUAL PERFORMANCE PLAN

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

Programme Two: Sector Policy and Research								
Outcome	Output	Output Indicator	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Planned Annual Target 2025/26	**Actual Achievement 2025/26	Deviation from planned target to Actual Achievement 2025/26	Reasons for deviations
1. Reduced regulatory and administrative burden for MSMEs.	1.1 Laws and/or regulations that pose administrative burden to MSMEs recommended for reform.	Number of laws and/or regulations that pose administrative burden to MSMEs recommended for reform.	Target Achieved: A Regulatory Reform Implementation Plan was submitted to Minister for approval.	Target Achieved: Bi-annual Progress Reports on the Regulatory Reform Implementation Plan were approved by the Accounting Officer.	Five (5) laws and/or regulations that pose administrative burden to MSMEs recommended for reform.	Target Achieved: Five (5) laws and/or regulations that pose administrative burden to MSMEs were recommended for reform.	N/A	N/A
	1.2 E-registration system adoption in municipalities supported.	Number of municipalities supported with the adoption of E-registration system.	New Indicator	New Indicator	20 municipalities supported with the adoption of E-registration system.	Target Achieved: Forty-three (43) municipalities were supported with the adoption of E-registration system.	Twenty-three (23) additional municipalities were supported with the adoption of E-registration system.	The overachievement is due to strengthened intergovernmental coordination and effective stakeholder engagement.
	1.3 Red Tape Reduction Indicators Implemented.	Number of Red Tape Reduction Indicators Implemented.	New Indicator	New Indicator	Four (4) Red Tape Reduction Indicators Implemented.	Target Achieved: Four (4) Red Tape Reduction Indicators Implemented.	N/A	N/A

Programme Two: Sector Policy and Research								
Outcome	Output	Output Indicator	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Planned Annual Target 2025/26	**Actual Achievement 2025/26	Deviation from planned target to Actual Achievement 2025/26	Reasons for deviations
	1.4 Business Licencing Bill approved	Business Licencing Bill approved by Cabinet and passed by Parliament.	Target Not Achieved: Businesses Amendment Bill was not submitted to the Minister for introduction to Parliament.	N/A	Business Licencing Bill approved by Cabinet and passed by Parliament.	Target Not Achieved: Business Licencing Bill was not approved by Cabinet and passed by Parliament.	Business Licencing Bill was not approved by Cabinet and passed by Parliament.	The target was not achieved due to the extended processes required to finalise the Business Licensing Bill, including stakeholder consultations, legal certification, and the conclusion of ESIEID governance processes prior to Cabinet submission. As a result, the Bill could not be submitted to Cabinet within the reporting period, which consequently delayed Parliamentary consideration during the 2025/26 financial year.

Programme Two: Sector Policy and Research								
Outcome	Output	Output Indicator	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Planned Annual Target 2025/26	**Actual Achievement 2025/26	Deviation from planned target to Actual Achievement 2025/26	Reasons for deviations
2. Enhanced evidence-based business information and sector-wide monitoring and evaluation.	2.1 Evaluation Report(s).	Number of Evaluation Reports produced by 31 March 2026.	Target Not Achieved: One (1) Monitoring Report on the Incubation Support Programme Improvement Plan was approved by EXCO.	Target Achieved: Evaluation Report was produced by 31 March 2025.	Two (2) Evaluation Reports produced by 31 March 2026	Target Achieved: Two (2) Evaluation Reports were produced by 31 March 2026.	N/A	N/A
	2.2 Research Report(s).	Number of Research Reports Produced by 31 March 2026.	New Indicator	Target Achieved: One (1) Research Report produced.	Two (2) Research Reports produced by 31 March 2026.	Target Achieved: Two (2) Research Reports were produced by 31 March 2026.	N/A	N/A
3. Increased contribution of MSMEs in priority sectors.	3.1 Report on number of cannabis enterprises supported in the primary sector	Reports on numbers of the cannabis enterprises supported in the primary sector approved by Accounting Officer.	New Indicator	Target Achieved: Value chain assessment of the cannabis industry in the primary sector was approved by Accounting Officer.	Report on twenty (20) of the cannabis enterprises supported in the primary sector approved by Accounting Officer.	Target Achieved: Report on thirty (30) of the cannabis enterprises supported in the primary sector was approved by Accounting Officer.	Ten (10) additional cannabis enterprises were supported in the primary sector	The overachievement is attributed to confirmed market access secured through off-taker, which created a viable market window. This enabled the inclusion of additional verified farmers. The expansion from 20 to 30 enterprises was accommodated within the approved concept and existing budget.

Programme Two: Sector Policy and Research								
Outcome	Output	Output Indicator	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Planned Annual Target 2025/26	**Actual Achievement 2025/26	Deviation from planned target to Actual Achievement 2025/26	Reasons for deviations
	3.2 Value chain Assessment report for the priority industries in the secondary sector.	Value chain Assessment report for the priority industry in the secondary sector approved by Accounting Officer.	New Indicator	Target Achieved: Value chain assessment of the construction industry in the secondary sector was approved by Accounting Officer.	Value chain assessment report for the priority industry in the secondary sector approved by Accounting Officer.	Target Achieved: Value chain assessment report for the priority industry in the secondary sector was approved by Accounting Officer.	N/A	N/A
	3.3 Value chain Assessment report for the priority industries in the tertiary sector.	Value chain Assessment report for the priority industries in the tertiary sector approved by Accounting Officer.	New Indicator	Target Achieved: Value chain assessment of the wholesale and retail industry in the tertiary sector was approved by Accounting Officer.	Value chain Assessment report for the priority industries in the tertiary sector approved by Accounting Officer.	Target Achieved: Value chain Assessment report for the priority industries in the tertiary sector approved by Accounting Officer.	N/A	N/A

Programme Two: Sector Policy and Research								
Outcome	Output	Output Indicator	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Planned Annual Target 2025/26	**Actual Achievement 2025/26	Deviation from planned target to Actual Achievement 2025/26	Reasons for deviations
4. Improved and well-coordinated ecosystem support for small enterprises.	4.1 Partnership agreements, with public and/or private sector, secured to support MSMEs.	Number of Partnership agreements, with public and/or private sector, secured to support MSMEs approved by Accounting Officer.	New Indicator	Target Not Achieved: One (1) Partnership agreement, with public and/or private sector, secured to support SMMes and Co-operatives was approved by Accounting Officer.	Five (5) Partnership agreements, with public and/or private sector, secured to support MSMEs approved by Accounting Officer.	Target Achieved: Five (5) Partnership agreements, with public and/or private sector, secured to support MSMEs were approved by Accounting Officer.	N/A	N/A
	4.2 Compliance report on the 30 days payment requirement for MSMEs.	Annual monitoring report on the compliance with the 30 days payment requirement for MSMEs approved by Accounting Officer.	New Indicator	New Indicator	Annual monitoring report on the compliance with the 30- day payment requirement for MSMEs approved by Accounting Officer.	Target Achieved: Annual monitoring report on the compliance with the 30- day payment requirement for MSMEs was approved by Accounting Officer.	N/A	N/A

4.2.5 Linking performance with budgets

Sub-programme expenditure

Sub- Programme Name	2025/2026			2024/2025		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Business Intelligence and Sector-Wide M&E	22 990	16 711	6 279	11 985	11 187	798
Intergovernmental Relations and Business Efficiency	20 906	19 817	1 089	15 399	12 699	2 700
Sector-Specific Support	18 349	16 860	1 489	17 864	13 425	4 439
Total	62 245	53 388	8 857	45 248	37 311	7 937

Annual expenditure for Sector Policy and Research amounted to R53.4 million (85.8%) against the final appropriation of R62.2 million, resulting in an under expenditure of R8.8 million (14.2%). Compensation of Employees contributed R3 million to the underspending, largely due to vacancies, and Goods and Services also contributed R5.5 million as consultancy costs were lower than anticipated, and some work was conducted internally instead of procuring the services of consultants.

The main cost drivers for this programme are Compensation of Employees at R37 million and Goods and Services at R15.8 million. The cost drivers of Goods and Services expenditure are Consultants (R5,2 million), Inventory: farming supplies (R3.8 million), travel and subsistence (R3.9 million) and venues and facilities (R1.5 million).

4.2.6 Strategy to overcome areas of underperformance

Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
Business Licensing Bill approved by Cabinet and passed by Parliament	Business Licensing Bill was not approved by Cabinet and passed by Parliament	The rigorous consultation processes on the Business Licensing Bill have been concluded. During the 2026/27 financial year, the Department will focus on finalising the remaining processes towards securing Cabinet approval and subsequent consideration and approval by Parliament.

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

Not applicable to the DSBD.

4.3 Programme 3: Integrated Co-Operatives and Micro-Enterprise Development

4.3.1 Purpose:

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

4.3.2 Sub-programme and Purpose

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

4.3.3 Institutional Outcomes

- Increased participation of MSMEs in domestic and international markets.
- Improved and well-coordinated ecosystem support for small enterprises.
- Increased access to financial and non-financial support Small Enterprises, Rural, and Township Economies.

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

During the 2025/26 financial year under review, the Integrated Co-operatives and Micro Enterprise Development Programme achieved all its planned performance targets and, in several instances, exceeded annual targets through the successful implementation of market access, enterprise support, localisation, infrastructure development, and internationalisation initiatives. The programme made a significant contribution towards the Department's strategic outcomes of improved and well-coordinated ecosystem support for small enterprises, while also supporting government priorities aimed at inclusive economic growth,

employment creation, localisation, industrialisation, and transformation of the economy.

Through the Domestic Market Linkage Programme, the Department continued to prioritise connecting MSMEs to domestic retail and wholesale markets through strategic stakeholder collaborations and market facilitation initiatives. The programme surpassed its annual target of introducing 250 local products into domestic markets by achieving a total of 270 products and services linked to formal markets, representing an 8% overachievement. This achievement was driven largely through successful partnerships with key retail and wholesale platforms, including ENCORE, Advance Cash and Carry, and Makro Marketplace, which collectively accounted for more than 60% of all products linked. The initiative strengthened market participation opportunities for MSMEs and contributed to building sustainable commercial relationships between small enterprises and major retailers.

The programme further demonstrated strong support for transformation and inclusive participation, with women-owned businesses accounting for the majority of participating enterprises. While Gauteng accounted for the highest concentration of participating enterprises, the programme identified expansion into provinces such as the North West and Free State as a strategic growth opportunity. The Department continued to prioritise designated groups through targeted market linkage interventions, provincial workshops, and participation in localisation initiatives. Challenges experienced included uneven provincial participation, limited market penetration in some rural provinces, and low participation by persons with disabilities. To address these challenges, the Department intensified digital outreach initiatives, strengthened stakeholder collaboration, and expanded awareness campaigns to improve participation and access for underrepresented groups.

The programme also made significant progress in strengthening public procurement participation for MSMEs through the development of the Compliance Assessment Instrument (CAI). The CAI was conceptualised as a strategic mechanism to support the implementation of the Public Procurement Act and strengthen monitoring of MSME participation within procurement systems. During the year under review, the Department undertook extensive consultations with provincial Treasuries, national

departments, SEDFA, and internal governance structures to refine and align the instrument with National Treasury regulations. The approval of the CAI by EXCO positioned the Department to strengthen accountability, transparency, and evidence-based monitoring of procurement opportunities for MSMEs, including enterprises owned by women, youth, and persons with disabilities. This initiative contributed directly towards strengthening governance, improving procurement inclusivity, and advancing economic transformation objectives.

The programme further contributed to improving international market access for MSMEs and co-operatives through the implementation of the International Relations Strategy and Policy Framework and the Small Business Exporter Development Scheme (SBEDS). During the year under review, the Department exceeded its annual target of exposing 200 MSMEs and co-operatives to international market opportunities by successfully supporting 257 enterprises. Of these beneficiaries, 159 were women-owned enterprises, 86 were youth-owned enterprises, and 18 were enterprises owned by persons with disabilities. These interventions contributed significantly to expanding export opportunities, improving competitiveness, and strengthening MSME participation in regional and international value chains, particularly within the African Continental Free Trade Area (AfCFTA) environment.

To strengthen export readiness and international market intelligence, the Department produced four market intelligence reports focusing on strategic export markets and value chains, including Mauritius, Türkiye, Ghana, Zambia, Namibia, and SADC Leather Value Chains. These reports provided data-driven insights into export opportunities across sectors such as agriculture, manufacturing, renewable energy, mining services, leather processing, and ICT. The reports are expected to guide future trade missions, export readiness support, and targeted interventions aimed at strengthening MSME participation in regional and global markets. Despite progress made, the Department identified persistent challenges relating to limited access to reliable trade information, export readiness constraints, and the high cost of accessing foreign markets. In response, the Department strengthened collaboration with international partners such as the International Trade Centre, DIRCO, and the World Bank to improve access to market intelligence and enhance international trade support mechanisms.

The Department further strengthened global cooperation through collaboration with the International Trade Centre in hosting the inaugural Global SME Ministerial Meeting in South Africa during July 2025. The event brought together representatives from 66 countries, including ministers, international organisations, and private sector stakeholders, to advance cooperation on MSME development, digital connectivity, access to finance, and green transition opportunities. The adoption of a global call to action further positioned South Africa as a key player in fostering international collaboration on MSME development.

The IMEDP also demonstrated exceptional performance during the year under review by exceeding its annual target of supporting 2 000 informal and microenterprises and achieving support for a total of 2 490 enterprises. Of these supported enterprises, 1 500 were women-owned and 223 were owned by persons with disabilities, thereby exceeding the Department's minimum targets for designated groups. The programme contributed significantly towards expanding access to financial and non-financial support, particularly within rural and township economies, while supporting livelihoods, enterprise sustainability, and inclusive economic participation.

The programme demonstrated the importance of targeted outreach and stakeholder collaboration in improving access for priority groups, particularly in underserved areas. However, operational challenges included delays in the distribution of tools and equipment, budgetary constraints, limited human resource capacity, reliance on manual systems, and insufficient post-support mentorship and training. In response, the Department initiated measures aimed at strengthening programme efficiency through the development of a centralised digital Management Information System, enhanced stakeholder partnerships, improved coordination mechanisms, and expanded mentorship and market access support initiatives to strengthen enterprise sustainability and long-term impact.

The BISP also recorded significant achievements during the year under review. The programme exceeded its annual target of supporting ten business infrastructure facilities by successfully supporting eleven MSMEs through infrastructure, energy, and equipment interventions.

The programme experienced exceptionally high demand, receiving more than 6 000 applications nationally, reflecting the growing need for infrastructure and operational support

within the MSME sector. A significant proportion of supported enterprises were located in rural and township areas, contributing to spatial transformation and inclusive development objectives. The programme also recorded meaningful participation by women and youth-owned enterprises across several provinces. Operational challenges encountered included project readiness constraints, compliance requirements, and delays in implementation processes. To address these challenges, the Department adopted phased implementation approaches, strengthened project monitoring mechanisms, and enhanced coordination with implementing stakeholders to improve delivery efficiency.

Overall, the Integrated Co-operatives and Micro Enterprise Development Programme demonstrated strong performance during the 2025/26 financial year and contributed significantly towards strengthening the small enterprise ecosystem, expanding market access opportunities, supporting localisation and export readiness, improving procurement participation, and advancing inclusive economic transformation. Through targeted support interventions and strategic partnerships, the programme continued to prioritise women, youth, and persons with disabilities, while implementing corrective measures to address identified gaps and strengthen future programme impact.



PROGRAMME THREE: INTEGRATED CO-OPERATIVES AND MICRO ENTERPRISE DEVELOPMENT PERFORMANCE AGAINST THE TABLED 2025/2026 ANNUAL PERFORMANCE PLAN

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

Programme Three: Integrated Co-Operatives and Micro Enterprise Development								
Outcome	Output	Output Indicator	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Planned Annual Target 2025/26	**Actual Achievement 2025/26	Deviation from planned target to Actual Achievement 2025/26	Reasons for deviations
1. Increased participation of MSMEs in domestic and international markets.	1.1. Products manufactured and services rendered by MSMEs linked to domestic market.	Number of products manufactured and services rendered by MSMEs linked to domestic market.	Target Achieved: 285 products produced and services rendered by SMMEs and Co-operatives linked to domestic market.	Target Achieved: 302 products manufactured and services rendered by SMMEs and Co-operatives were linked to domestic market.	250 products manufactured and services rendered by MSMEs linked to domestic market.	Target Achieved: 270 products manufactured and services rendered by MSMEs were linked to domestic market.	20 additional products manufactured and services rendered by MSMEs were linked to domestic market.	The overachievement was driven by higher than anticipated demand and market driven opportunities that enabled the expansion of product ranges and increased domestic market linkages
	1.2 Compliance instruments to the Public Procurement Act by State Organs and indicators in line with National Treasury Regulations approved.	Compliance instruments to the Public Procurement Act by State Organs and indicators in line with National Treasury Regulations developed and approved by Accounting Officer.	New Indicator	New Indicator	Compliance instruments to the Public Procurement Act by State Organs and indicators in line with National Treasury Regulations developed and approved by Accounting Officer.	Target Achieved: Compliance instruments to the Public Procurement Act by State Organs and indicators in line with National Treasury Regulations were developed and approved by Accounting Officer.	N/A	N/A

Programme Three: Integrated Co-Operatives and Micro Enterprise Development								
Outcome	Output	Output Indicator	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Planned Annual Target 2025/26	**Actual Achievement 2025/26	Deviation from planned target to Actual Achievement 2025/26	Reasons for deviations
	1.3 MSMEs exposed to global market opportunities.	Number of MSMEs exposed to global market opportunities.	Target Achieved: 317 SMMEs and Co-operatives exposed to global market opportunities.	Target Achieved: 244 SMMEs and Co-operatives exposed to global market opportunities.	200 MSMEs exposed to global market opportunities.	Target Achieved: 257 MSMEs exposed to global market opportunities.	57 additional MSMEs exposed to global market opportunities.	The overachievement is attributed to the increased number of webinars held, which expanded outreach and enabled greater participation of MSMEs, thereby exposing more enterprises to global market opportunities.
	1.4 Market intelligence reports on international markets.	Number of market intelligence reports on international markets produced.	New Indicator	New Indicator	Four (4) market intelligence reports on international markets produced.	Target Achieved: Four (4) market intelligence reports on international markets produced.	N/A	N/A

Programme Three: Integrated Co-Operatives and Micro Enterprise Development								
Outcome	Output	Output Indicator	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Planned Annual Target 2025/26	**Actual Achievement 2025/26	Deviation from planned target to Actual Achievement 2025/26	Reasons for deviations
2. Improved and well-coordinated ecosystem support for small enterprises.	2.1 Business infrastructures (Including products Markets, MSME Hubs) for MSMEs refurbished or built.	Number of business infrastructures (Including products Markets, MSME Hubs) for MSMEs refurbished or built.	Target Not Achieved: Five (5) approved business infrastructure for SMMEs and Co-operatives refurbished or built.	Target Not Achieved: One (1) business infrastructure (i.e., products markets) SMMEs and Co-operatives refurbished or built.	Ten (10) business infrastructures (Including products Markets, MSME Hubs) for MSMEs refurbished or built.	Target Achieved: Eleven (11) business infrastructures (Including products Markets, MSME Hubs) for MSMEs refurbished or built.	One (1) additional business infrastructure (Including products Markets, MSME Hubs) for SMEs refurbished or built.	The overachievement is be attributed to stronger than anticipated programme performance during the latter part of the financial year.
3. Increased access to financial and non-financial support Small Enterprises, Rural, and Township Economies.	3.1 Informal and Micro Enterprises supported through the Informal and Micro Enterprise Development Programme (IMEDP).	Number of informal businesses supported through IMEDP.	Target Achieved: 2 045 of informal business supported through IMEDP.	Target Achieved: 2 920 informal business were supported through IMEDP.	2 000 informal businesses supported through IMEDP.	Target Achieved: 2 490 informal business were supported through IMEDP.	Additional 490 informal business were supported through IMEDP.	The overachievement is attributed to enhanced collaboration with targeted municipalities, which improved the identification, verification, and mobilisation of eligible informal traders for support.

4.3.5 Linking performance with budgets

Sub-programme expenditure

Sub- Programme Name	2025/2026			2024/2025		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Integrated Co-operatives and Micro Enterprise Development	323 509	278 193	45 316	59 766	35 723	24 043
Economic Transformation Initiatives	126 787	125 844	943	66 151	65 523	628
Value Chain and Market Access Support	41 405	40 411	994	45 282	41 436	3 846
Total	491 701	444 448	47 253	171 199	142 681	28 518

Annual expenditure for the Integrated Co-operatives and Micro Enterprise Development Programme amounted to R444.4 million (90.4%) against the final appropriation of R491.7 million, resulting in an underexpenditure of R47.3 million (9.6%). Compensation of Employees contributed R1.4 million to the underspending, largely due to vacancies; goods and services R3.1 million; and Transfers contributed R42.7 million due to delays in finalising the agreements and claims for one item of machinery and four approved hubs under the BISP.

The main cost drivers on this programme are Compensation of Employees at R43.2 million; Goods and Services at R202.4 million; and Transfers and Subsidies at R198.5 million. The cost drivers on Goods and Services expenditure are travel and subsistence (R17.7 million); Inventory: Other supplies for IMEDP (R45 million) and BISP (R118.9 million); Contractors

(R9.1 million); Catering (R1.3 million); and Venues and facilities (R9.3 million). The cost driver for Transfers and subsidies relates to the BISP (R137 million) and Co-operatives Development Support Programme (R61.4 million) implemented by SEDFA.

4.3.6 Strategy to overcome areas of underperformance

Not applicable for the Integrated Co-operatives and Micro Enterprise Development programme.

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

Not applicable to the DSBD.

4.4 Programme 4: Enterprise Development, Innovation and Entrepreneurship

4.4.1 Purpose:

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

4.4.2 Sub-Programme and Purpose:

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

4.4.3 Institutional Outcomes

- Improved integrated and streamlined business processes and systems for MSMEs.
- Improved and well-coordinated ecosystem support for small enterprises.
- Increased access to financial and non-financial support Small Enterprises, Rural, and Township Economies.

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

Over the reporting period, the Department, through its Programme Four, made significant progress in advancing enterprise development, strengthening ecosystem coordination, and expanding access to both financial and non-financial support for MSMEs. Performance was underpinned by scaled programme delivery, policy finalisation, strategic partnerships, and targeted inclusion interventions aimed at broadening economic participation

for historically disadvantaged groups. These achievements contributed directly towards the Department's strategic outcome of increased access to financial and non-financial support for small enterprises, rural and township economies, while simultaneously advancing government priorities relating to inclusive economic growth, employment creation, entrepreneurship development, localisation, and economic transformation.

The operationalisation and refinement of funding instruments aligned to the MSME and Co-operatives Funding Policy represented a major milestone during the year under review. This included the finalisation of the review of the Township and Rural Entrepreneurship Programme (TREP), the design and rollout of the Spaza Shop Support Fund, and the implementation of the Asset Assist Programme (AAP). Significant progress was also made in the review and redesign of strategic interventions such as the Customised Sector Programme (CSP), the Youth Challenge Fund, and the Inyanda Fund, aimed at improving programme responsiveness, accessibility, and impact within targeted sectors and communities.

Further progress was recorded through the Cabinet's approvals of the National Entrepreneurship Strategy (NES) and the Incubation and Business Development Services (IBDS) Policy Framework, which together provide a coherent national framework for entrepreneurship development, enterprise support coordination, and business incubation services. These policy and strategic developments are expected to strengthen the overall MSME ecosystem, improve alignment across support institutions, and enhance the effectiveness of enterprise development interventions across the country.

The Department also recorded significant progress in advancing the Small Business Development Portfolio Digital Transformation Strategy, aimed at increasing the use of technology-enabled solutions to improve programme administration, application processing, beneficiary management, monitoring, and reporting systems. The digital transformation initiatives are expected to improve efficiency, strengthen governance and accountability, reduce administrative delays, and enhance accessibility for MSMEs, particularly those operating in remote and underserved areas.



In support of inclusive economic participation, the Department continued to prioritise women, youth, and persons with disabilities through the design and implementation of targeted support interventions. The development of the Women Entrepreneurship Programme and the redesign of the Youth Challenge Fund were specifically aimed at facilitating increased participation of women and youth in enterprise development opportunities, particularly within township and rural economies. These initiatives contribute towards addressing structural barriers faced by designated groups and support government priorities relating to economic inclusion and transformation.

The Department further strengthened South Africa's international leadership role in entrepreneurship development through successfully leading the Startup20 Engagement Group under the G20 Presidency. This positioned South Africa as a global advocate for startup development, innovation, and MSME support, while also creating opportunities for international collaboration, investment attraction, knowledge exchange, and policy cooperation within the entrepreneurship ecosystem.

These achievements demonstrate the Department's progress towards building a scaled, integrated, and inclusive enterprise support ecosystem capable of expanding economic opportunities for MSMEs and historically disadvantaged groups. The integrated approach to policy development, programme implementation, digital transformation, market access support, and entrepreneurship promotion contributed significantly towards strengthening ecosystem coordination and improving access to enterprise support interventions.

The AAP remained a critical intervention aimed at improving access to productive assets for qualifying MSMEs, particularly enterprises operating within underserved township and rural economies. Through the implementation of the programme, the Department sought to enhance enterprise productivity, competitiveness, operational sustainability, and participation in local economic activity. The programme further contributed to broadening economic inclusion by ensuring that support interventions reached enterprises across all nine provinces.

During the year under review, the programme successfully achieved its planned targets through the adjudication and approval of MSME applications for productive asset support.

The programme demonstrated equitable national reach, with beneficiary approvals distributed across all nine provinces. Provinces such as Limpopo, KwaZulu-Natal, and Gauteng recorded the highest number of approved beneficiaries, reflecting both high demand for support and the concentration of MSME activity within these regions. This broad provincial coverage contributed towards reducing spatial inequalities and strengthening economic participation within township and rural communities.

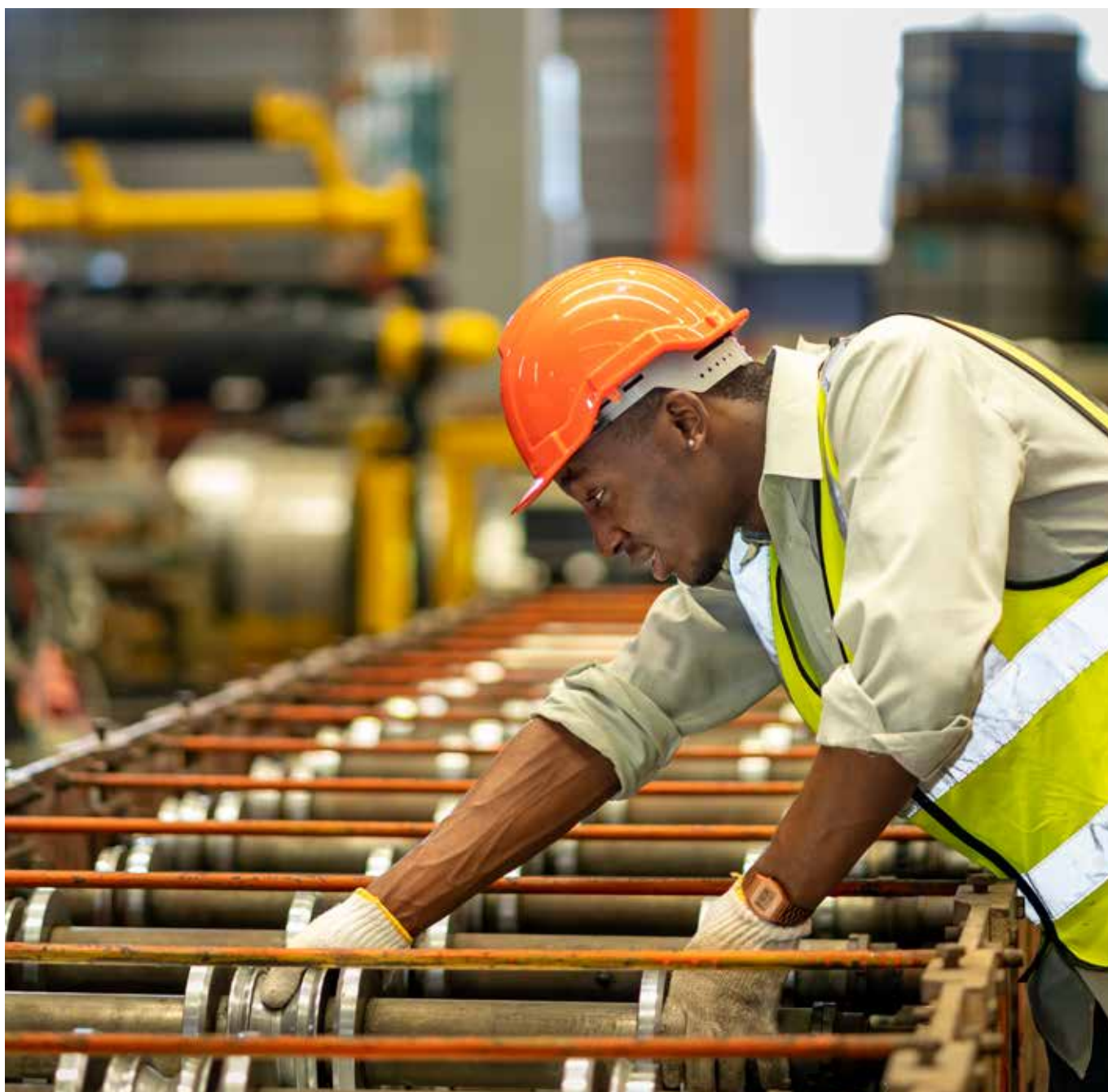
The procurement and delivery phase of the programme was initiated during Quarter 4 of the financial year review, with deliveries scheduled to commence / take place across all provinces between April and May 2026 (Q1 2026/27). A structured provincial delivery schedule was developed to facilitate the coordinated distribution of approved assets to the 925 beneficiaries. These interventions are expected to significantly improve the operational capacity, productivity, and sustainability of supported enterprises, thereby contributing towards enterprise growth, competitiveness, and job retention within local economies.

The programme also contributed towards advancing transformation and inclusive participation through support to enterprises owned by women, youth, and persons with disabilities operating within townships and rural areas. The nature of the programme inherently prioritised historically disadvantaged enterprises through targeted support interventions aimed at improving productive capacity and access to economic opportunities. In doing so, the programme supported the Department's broader commitment to empowering designated groups and promoting inclusive participation within the MSME sector.

Despite these achievements, the programme encountered several operational challenges during implementation. Key challenges included inconsistent cooperation from the appointed procurement agent, particularly delays in providing clear delivery schedules and communication relating to beneficiary asset deliveries. In addition, the Department received increasing complaints from approved beneficiaries regarding partial deliveries of approved assets. The programme also experienced reporting inaccuracies arising from over-reliance on Work Integrated Learning (WIL) learners to support critical operational and reporting functions.

To mitigate these challenges and strengthen programme implementation, the Department intensified engagements with the procurement agent to improve delivery coordination, compliance, and communication processes. Oversight mechanisms relating to approval letter issuance and quality assurance were strengthened to improve accountability and reporting accuracy. Internal corrective measures were also initiated to address reporting weaknesses and enhance data management processes. Furthermore, procurement-related risks were escalated to senior management structures to facilitate timely intervention and strengthen programme governance.

The Department, through its Programme Four, demonstrated significant progress during the 2025/26 financial year in strengthening enterprise development, expanding access to support interventions, advancing entrepreneurship development, and promoting inclusive economic participation. Through targeted programmes, policy reforms, strategic partnerships, and digital transformation initiatives, the programme made a meaningful contribution towards building a more coordinated, responsive, and inclusive MSME support ecosystem capable of driving sustainable economic growth and transformation.



PROGRAMME 4: ENTERPRISE DEVELOPMENT, INNOVATION AND ENTREPRENEURSHIP PERFORMANCE AGAINST THE TABLED 2025/26 ANNUAL PERFORMANCE PLAN

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

Programme Four: Enterprise Development, Innovation and Entrepreneurship								
Outcome	Output	Output Indicator	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Planned Annual Target 2025/26	**Actual Achievement 2025/26	Deviation from planned target to Actual Achievement 2025/26	Reasons for deviations
1. Improved integrated and streamlined business processes and systems for MSMEs.	1.1 Revised SBD Portfolio Digital Transformation Strategy.	SBD Portfolio Digital Transformation Strategy reviewed and approved by Accounting Officer.	New Indicator	New Indicator	SBD Portfolio Digital Transformation Strategy reviewed and approved by Accounting Officer.	Target Achieved: SBD Portfolio Digital Transformation Strategy was reviewed and approved by Accounting Officer.	N/A	N/A
2. Improved and well-co-ordinated ecosystem support for small enterprises.	2.1 National Policy Framework on Incentives for Small Enterprises approved.	National Policy Framework on Incentives for Small Enterprises developed and approved by Accounting Officer.	New Indicator	New Indicator	National Policy Framework on Incentives for Small Enterprises approved by the Accounting Officer.	Target Achieved: National Policy Framework on Incentives for Small Enterprises was approved by the Accounting Officer.	N/A	N/A

Programme Four: Enterprise Development, Innovation and Entrepreneurship								
Outcome	Output	Output Indicator	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Planned Annual Target 2025/26	**Actual Achievement 2025/26	Deviation from planned target to Actual Achievement 2025/26	Reasons for deviations
	2.2 Fund of Funds Implementation Plan.	Fund of Funds Implementation Plan developed and approved.	Target Achieved: Consolidated report on the implementation plan of the SMMEs and Co-operatives Funding Policy was approved by EXCO.	Target Achieved: SMMEs and Co-operatives Funding Policy Implementation reports approved.	Fund of Funds Implementation Plan developed and approved.	Target Achieved: Fund of Funds Implementation Plan was developed and approved.	N/A	N/A
	2.3 Township and Rural Economy Revitalisation Policy Implementation Plan report.	Bi-Annual Progress Reports on the Implementation of the Township and Rural Economy Revitalisation Policy approved	Target Achieved: Township Economy Revitalisation Policy implementation plan approved by EXCO.	Target Achieved: Bi-annual Progress Reports on the Implementation of the Township Economy Revitalisation Policy were approved.	Bi-Annual Progress Reports on the Implementation of the Township and Rural Economy Revitalisation Policy approved.	Target Achieved: Bi-Annual Progress Reports on the Implementation of the Township and Rural Economy Revitalisation Policy was approved.	N/A	N/A
	2.4 StartUp Policy	StartUp Policy approved by Accounting Officer.	New Indicator	New Indicator	StartUp Policy approved by Accounting Officer.	Target Achieved: StartUp Policy was approved by Accounting Officer.	N/A	N/A

Programme Four: Enterprise Development, Innovation and Entrepreneurship								
Outcome	Output	Output Indicator	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Planned Annual Target 2025/26	**Actual Achievement 2025/26	Deviation from planned target to Actual Achievement 2025/26	Reasons for deviations
3. Increased access to financial and non-financial support Small Enterprises, Rural, and Township Economies.	3.1 National Entrepreneurship Strategy and Implementation Plan.	National Entrepreneurship Strategy and Implementation Plan approved by Cabinet.	Target Achieved: National Entrepreneurship Strategy approved by EXCO.	Target Achieved: Bi-annual Progress Reports on the implementation of the National Entrepreneurship Strategy were approved.	National Entrepreneurship Strategy and Implementation Plan approved by Cabinet.	Target Achieved: National Entrepreneurship Strategy and Implementation Plan was approved by Cabinet.	N/A	N/A
	3.2 National Entrepreneurship Strategy Annual Progress Report	Annual Progress Report on the Implementation of the National Entrepreneurship Strategy approved.	New Indicator	New Indicator	Annual Progress Report on the Implementation of the National Entrepreneurship Strategy approved.	Target Achieved: Annual Progress Report on the Implementation of the National Entrepreneurship Strategy was approved.	N/A	N/A
	3.3 Incubation and Business Development Services Policy.	Incubation and Business Development Services Policy approved by Cabinet.	New Indicator	New Indicator	Incubation and Business Development Services Policy approved by Cabinet.	Target Achieved: Incubation and Business Development Services Policy was approved by Cabinet.	N/A	N/A

Programme Four: Enterprise Development, Innovation and Entrepreneurship								
Outcome	Output	Output Indicator	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Planned Annual Target 2025/26	**Actual Achievement 2025/26	Deviation from planned target to Actual Achievement 2025/26	Reasons for deviations
	3.4 Programmes, reviewed and redesigned for Financial and non-financial supports over the MTDP Period (Performance based monitoring of programmes).	Number of Progress Reports on the Departmental financial and non-financial programmes reviewed and redesigned (performance-based monitoring of programmes) resulting in a Revised Programme Guideline approved.	New Indicator	New Indicator	Four (4) Progress Reports on the Departmental financial and non-financial programmes reviewed and redesigned (performance-based monitoring of programmes) resulting in a Revised Programme Guideline approved.	Target Achieved: Four (4) Progress Reports on the Departmental financial and non-financial programmes reviewed and redesigned (performance-based monitoring of programmes) resulting in a Revised Programme Guideline were approved.	N/A	N/A
	3.5 Township and rural MSMEs assisted with Asset Assist Support Programme.	Township and rural MSMEs assisted with Asset Assist Support Programme to the value of R million.	New Indicator	New Indicator	Township and rural MSMEs assisted with Asset Assist Support Programme to the value of R208. 363 million.	Target Not Achieved: Township and rural MSMEs assisted with Asset Assist Support Programme to the value of R0 million.	Township and rural MSMEs were not assisted with Asset Assist Support Programme to the value of R208. 363 million.	The underperformance was primarily due to delays in commencing the project implementation.

4.4.5 Linking performance with budgets

Sub-programme expenditure

Sub- Programme Name	2025/2026			2024/2025		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Enterprise Development, Innovation and Entrepreneurship	14 154	13 117	1 037	7 719	6 470	1 249
Entrepreneurship and Enterprise Development	1 190 461	1 188 473	1 988	1 336 554	1 336 024	530
Funding Support and Coordination	954 948	728 135	226 813	692 156	692 115	41
Total	2 159 563	1 929 726	229 837	2 036 429	2 034 608	1 821

Annual expenditure for the Enterprise Development, Innovation and Entrepreneurship Programme amounted to R1.930 billion (89.4%) against the final appropriation of R2.159 billion, resulting in an under expenditure of R229.8 million (10.6%). Compensation of Employees contributed R10.1 million to the underspending, largely due to vacancies, goods and services R219.7 million. Within goods and services, the Asset Assist Programme contributed R219.3 million due to the late commencement and payments worth R211 million that did not meet the requirements for recognition as expenditure and subsequently recognised as prepayments.

The main cost drivers on expenditure are Compensation of Employees at R59.8 million, Goods and Services at R9.8 million, and Transfers and Subsidies at R1.860 billion.

The cost drivers on Goods and Services expenditure are travel and subsistence (R5.9 million), Catering (R1.6 million), and Venues (R703 thousand).

The cost drivers on Transfers and Subsidies are transfers to SEDFA (R1.846 billion) and CCSP (R12.4 million).

4.4.6 Strategy to overcome areas of underperformance

Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
Township and rural MSMEs assisted with the Asset Assist Support Programme to the value of R208,363 million.	Township and rural MSMEs assisted with the Asset Assist Support Programme to the value of R0 million. The disbursement of support to approved MSMEs was not carried out during the 2025/26 financial year as planned.	The implementation plan for the Asset Assist Programme for the 2026/27 financial year has been revised to incorporate lessons learned during the year under review. The Department will fast-track project implementation by improving planning, accelerating procurement processes, and monitoring expenditure against targets on a monthly basis. It will also strengthen internal controls, conduct regular compliance reviews, and ensure that it maintains complete supporting documentation.

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

Not applicable to the DSBD.

5. TRANSFER PAYMENTS

5.1 Transfer payments to public entities

The DSBD has established quarterly performance reporting procedures to monitor progress relating to expenditure against funds transferred to its entity, the SEDFA. This process is further strengthened through public entity performance reviews conducted via governance structures such as the Governance Forum, chaired by the DSBD Director-General.

With regard to transfers intended for the implementation of the Craft Customised Sector Programme through provincial economic development entities, the Department entered into Memoranda of Agreement (MoAs) with the respective provincial entities. These agreements include dedicated clauses that clearly define monitoring, reporting, and accountability obligations. Collectively, these measures have contributed to improving the quality, accuracy, and reliability of performance and expenditure reporting.

Name of Public Entity	Key Outputs of the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
		R'000	R'000	R'000
SEDFA - EED	• Business registrations • Business planning • Business advice, counselling and training • Facilitation of access to finance • Facilitation of access to markets • Co-operatives support • Business incubation • Targeted small enterprise training • Product Markets • Energy intervention • General dealers • Technology programme access to technology • Capacity-building programme for economic development • Provision of technical capacity and skills development	1 174 742	Accounted for in the SEDFA 2025/26 Annual Report.	Accounted for in the SEDFA 2025/26 Annual Report.
SEDFA - FS	• Township and Rural Entrepreneurship Fund • Blended Finance • Youth Challenge Fund	671 494	Accounted for in the SEDFA 2025/26 Annual Report.	Accounted for in the SEDFA 2025/26 Annual Report.
SEDFA - CDSP	Cooperatives Development Support Programme	61 368	Accounted for in the SEDFA 2025/26 Annual Report.	Accounted for in the SEDFA 2025/26 Annual Report.

Name of Public Entity	Key Outputs of the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
		R'000	R'000	R'000
Eastern Cape Development Corporation (ECDC)	The transfer was intended for the implementation of the Craft Customised Sector Programme (CCSP)	1 725	1 725	148
Gauteng Tourism Authority (GTA)		1 278	1 278	102
Trade and Investment KwaZulu-Natal (TIKZN)		87	87	5
Limpopo Economic Development Agency (LEDA)		225	225	13

5.2 Transfer payments to all organisations other than public entities

The table below reflects the **transfer payments made** for the period 1 April 2025 to 31 March 2026

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity (R'000)	Reasons for the funds unspent by the entity
Bokone Bophirima Craft and Design Institute (BBCDI)	NPO	Craft CSP (Product Development, Enterprise Development and Market access)	Yes	4 025	4 025	None
Craft and Design Institute (CDI)	NPO	Craft CSP (Product Development, Enterprise Development and Market access)	Yes	4 445	4 445	None

The table below reflects the transfer payments which were budgeted for in the period 1 April 2025 to 31 March 2026, but no transfer payments were made.

Name of transferee	Type of organisation	Purpose for which the funds were to be used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
N/A	N/A	N/A	N/A	N/A	N/A

6. CONDITIONAL GRANTS

Not Applicable to the DSBD.

7. DONOR FUNDS

7.1 Donor Funds Received

The Employment Promotion through MSMEs Support Programme funded by the European Union aimed to achieve the following objectives:

- To improve the competitiveness of small enterprises and their ability to meet the procurement requirements of large multinationals, local corporations, government departments and state-owned enterprises.
- To improve access to finance for small enterprises with limited or no access to funding.
- To improve the regulatory and administrative environment for small enterprises.

The programme's Key Result Areas (KRAs) were as follows:

- KRA 1 – Improved competitiveness of small enterprises and their ability to meet procurement requirements of large multinationals, local corporations, government departments and state-owned enterprises.
- KRA 2 – Improved access to finance for small enterprises with limited or no access to finance.
- KRA 3 – Strengthened the capacity of relevant government departments and agencies to enhance the regulatory and administrative environment for small enterprises.

Outputs achieved during the 2025/26 financial year were limited due to several factors, which included the expiry of the contracts of the Programme Management Unit (PMU) manager and deputy manager at the end of June 2025. However, to ensure effective monitoring and evaluation of the programme, business plans governing the full donor period, annual work plans and annual financial reports were prepared, approved and submitted to National Treasury. This was done to confirm that programme funding was utilised in line with the approved objectives, projects and annual work plans. In addition, the Auditor-General of South Africa (AGSA) conducted agreed-upon procedures audits in accordance with National Treasury guidelines over and above the normal regulatory audit processes.

The table below details the donor funds received during the period 1 April 2025 to 31 March 2026.

Donor Fund: The Employment Promotion through MSMEs Support Programme

Name of donor	Funded by the European Union
Full amount of the funding (R'000)	R 12 676
Period of the commitment	Until 31 March 2026
Purpose of the funding	R 4 million towards an Ecosystem Coordination and Shared Information System; R1 692 278.00 to support the SheTrades Programme and R6 984 381.70 to support the Programme Management Unit.
Expected outputs	The expected outputs for the budget allocation for the financial year 1 April 2025 to 30 March 2026 were to: - Procure an ecosystem coordination and shared information system - Support the SheTrades programme - Support the work of the Programme Management Unit (PMU), which included programme visibility and support
Actual outputs achieved	The Programme Management Unit (PMU) was operational until the end of June 2026. During the period, visibility was provided for the implementation of the programme in line with the financing agreement signed with the European Union, and project management support was provided on projects funded through the programme.
Amount received (R'000)	R 12 676
Amount spent by the department (R'000)	R 2 039
Reasons for the funds unspent	Not able to commit funding as required in terms of PFMA requirements before the end of March 2026.
Monitoring mechanism by the donor	Annual financial as well as closure reports are being prepared to be submitted to the National Treasury. In addition to these reports, an Agreed Procedure Audit was conducted by AGSA on all projects funded until March 2025. Money spent since 1 April 2025 will be covered in terms of the normal regulatory audit.

8. CAPITAL INVESTMENT

8.1 Capital investment, maintenance and asset management plan

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

Not applicable to the DSBD.

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

Not applicable to the DSBD.

Infrastructure projects that are currently in progress (list projects) and when are they expected to be completed

Not applicable to the DSBD.

Plans to close down or downgrade any current facilities

Not applicable to the DSBD.

Progress made on the maintenance of infrastructure

Not applicable to the DSBD.

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

Not applicable to the DSBD.

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

The asset holding has changed over the period under review: The DSBD closed the year with 1 756 assets worth R39.144 million, with 42 assets worth R856 thousand under investigation. Whilst 183 assets worth R2.173 million were either disposed of or derecognised.

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

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



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

Status	QTY	%
Good	1 675	95.3%
Fair	29	1.7%
Poor	12	0.7%
Lost	27	1.5%
Damaged	14	0.8%
Total	1 757	100%

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

Not applicable to the DSBD.

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

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

Sub-Programme Name	2025/2026			2024/2025		
	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, pool vehicles & photographic equipment	9 617	7 145	2 472	7 178	7 130	48
Existing infrastructure assets	-	-	-	-	-	-
– Upgrades and additions	-	-	-	-	-	-
– Rehabilitation, renovations and refurbishments	-	-	-	-	-	-
– Maintenance and repairs	-	-	-	-	-	-
Infrastructure transfer	-	-	-	-	-	-
– Current	-	-	-	-	-	-
– Capital	-	-	-	-	-	-
Total	9 617	7 145	2 472	7 178	7 130	48



PART C

Governance



1. INTRODUCTION

The Department continued to demonstrate its commitment to maintaining the highest standards of governance in managing the limited public finances and resources entrusted to it during the 2025/26 financial year. In support of this commitment, the Department maintained governance structures and systems to promote good governance and ensure the 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 oversight, the Audit and Risk Committee (ARC), and Broad-Based Black Economic Empowerment (B-BBEE) compliance and performance information.

2. RISK MANAGEMENT

The Department has approved the Risk Management Policy, Strategy, and Risk and Ethics Management Committee Charter documents. To support the implementation of risk management programmes, the approved Risk and Integrity Management Implementation Plan was utilised as a guide for facilitating risk identification, monitoring, and reporting at strategic, operational, fraud and corruption, and project levels. In line with the departmental plan and supported by Treasury regulations, an annual risk assessment was conducted to evaluate the effectiveness of the risk management strategy and identify new and emerging risks. This process was strengthened through regular engagements with risk owners and management structures such as the Management Committee (MANCO) and the Executive Committee (EXCO), as well as through quarterly reporting processes.

During the 2025/26 financial year, the Department reviewed the Compliance Regulatory Universe, which encompasses the legislative framework governing departmental operations. To ensure continuity in compliance monitoring, the Department developed compliance monitoring templates and checklists. Business continuity management also remained a critical focus area, resulting in the development of a Business Continuity Management Policy to establish a foundation for conducting business impact assessments across the Department.

To ensure effective oversight of internal control systems, risk management, and governance processes, the Department continued to maintain the Risk and Ethics Management Committee (REMC). Two external members were appointed to strengthen the committee's independence and expertise. The REMC continued to provide valuable guidance and oversight on risk and ethics management processes, thereby strengthening the Department's governance framework.

3. FRAUD AND CORRUPTION

The DSBD has developed and implemented a Fraud Prevention Policy, Fraud Strategy, and Whistle Blowing Policy. The Department continues to promote a zero-tolerance approach to fraud and corruption. In terms of the Whistleblowing Policy, the DSBD encourages citizens and officials to report any fraudulent activities relating to the Department through the National Anti-Corruption Hotline on 0800 701 701.

An ethics, fraud, and corruption risk assessment was conducted during the 2025/26 financial year, and the associated risk profile was developed and approved by the Director-General. The proactive identification of risks enabled the Department to implement mitigating measures aimed at preventing ethics, fraud, and corruption-related risks. Furthermore, during the reporting period, the Department approved the Ethics Management Strategy to strengthen the management of conflicts of interest, remunerative work outside the public service, gift management, and the disclosure of financial interests.

The DSBD continued to recognise the importance of fraud and corruption awareness initiatives. Awareness sessions were conducted through the departmental website and during induction programmes for newly appointed officials, highlighting the importance of preventative measures against fraud and corruption. These initiatives also promoted the use of the anti-corruption hotline as a mechanism for reporting allegations of fraud and corruption.

4. MINIMISING CONFLICT OF INTEREST

The Department has established policies relating to remunerative work outside the public service, gift management, financial disclosure, and lifestyle audits. These frameworks support the Department's commitment to fostering an ethical culture and reducing potential, perceived, and actual conflicts of interest.

Employees were regularly reminded that engaging in remunerative work outside the public service without prior approval constitutes misconduct. Measures governing the receipt and acceptance of gifts were also implemented to ensure employees remain fully informed of the applicable rules and to prevent undue influence. The Risk and Integrity Management Unit conducted awareness initiatives to ensure that all gifts exceeding the threshold of R500, as prescribed by the Public Service Regulations, received approval from the Executive Authority, while all gifts received, including those below the threshold, were properly recorded.

The financial disclosure process for Senior Management Service (SMS) members and designated officials was facilitated successfully, with the Department achieving 100% compliance with the financial disclosure framework.

5. CODE OF CONDUCT

The Department has adopted and implemented a Code of Conduct aligned with the Public Service Code of Conduct and Service Charter, which outlines the ethical standards and behavioural expectations that apply to all employees. The Code of Conduct remains easily accessible to staff members and forms an integral part of the recruitment and induction process.

During the reporting period, the Department conducted four training sessions on Chapter 2 of the Public Service Regulations, 2016. These sessions were aimed at raising awareness and serving as preventative measures to minimise incidents of misconduct. As a result, the Department recorded only six misconduct cases, all of which it finalised within the prescribed 90-day period. Most cases resulted from oversight rather than deliberate misconduct, indicating

that employees generally understand and strive to comply with the required standards of conduct and performance.

Instances of alleged non-compliance or breaches of the Code of Conduct were managed in accordance with applicable labour legislation and departmental disciplinary procedures. Where a breach was suspected, investigations were conducted, and affected employees were informed of the allegations and afforded an opportunity to respond in line with the audi alteram partem principle. Based on the outcomes of the investigations, appropriate corrective or disciplinary measures were implemented, including warnings or exoneration where applicable, after which matters were formally closed.

6. HEALTH, SAFETY, AND ENVIRONMENTAL ISSUES

The Department continued implementing Occupational Health and Safety (OHS) initiatives to ensure compliance with the Occupational Health and Safety Act (OHSA). During the reporting period, training was conducted for OHS and Wellness Committee role players, including first aiders, fire marshals and firefighters; SHE representatives, and Wellness Buddies. Awareness sessions and collaborative engagements were also undertaken with both internal and external stakeholders, including the Facilities Management Unit (FMU), the Department of Employment and Labour (DEL), and the National Disaster Management Technical Task Team on Disaster Risk Management.

These initiatives focused on empowering employees on key OHS-related matters, including the Compensation for Occupational Injuries and Diseases Act (COIDA), legal liability training for managers and supervisors, disaster management plan awareness, and the Compensation Fund claim processes. Workplace safety awareness was further promoted through online posters disseminated via DSBD Blitz, while OHS inductions were part of the mandatory face-to-face DSBD Induction Programme.

In addition, the Safety, Health, Environment, Risk and Quality (SHERQ) policy statement was reviewed, updated, and approved by the Director-General during the reporting period.



Occupational Health and Safety building inspections were conducted at the Pretoria office, while inspections for the Cape Town offices are planned during the 2026/27 financial year in collaboration with the Facilities Management Unit. This coordinated approach seeks to ensure the continued health and safety of all buildings occupied by the DSBD.

An OHS compliance inspection conducted by an inspector from the Department of Employment and Labour at the DSBD offices in Tshwane confirmed compliance with the Occupational Health and Safety Act and applicable regulations, with no contravention or improvement notices issued. Although minor OHS-related issues were identified, these did not affect overall compliance. Corrective measures are being implemented in collaboration with Facilities and Security Management, the ICT Management Unit, and the Department of Trade, Industry and Competition (the dtic), given their potential impact on employees.

Two active Injury on Duty (IOD) cases were managed in collaboration with relevant stakeholders, while two additional cases were registered internally and with the DEL Compensation Commissioner and are receiving the necessary attention. An emergency evacuation drill was conducted during the reporting period, while a second drill was postponed due to logistical requirements to include all tenants within the dtic campus, as advised by Tshwane Emergency Services. Arrangements for a combined campus-wide drill will be undertaken during the 2026/27 financial year.

Furthermore, the Director-General intervened through formal correspondence addressed to OHS and Wellness Committee members who had previously missed quarterly meetings. This intervention, together with the use of the OHS Committee WhatsApp group and email reminders, resulted in improved meeting attendance. The Department identified several risks associated with hybrid working arrangements and office-based operations. Employees working remotely often utilised non-ergonomic setups, such as dining tables and chairs, which were unsuitable for prolonged daily use and contributed to discomfort and related health concerns. To mitigate this risk, employees were permitted to take ergonomic equipment home in support of the hybrid work model.

Within the office environment, poor housekeeping was identified as a significant occupational health and safety risk, with excess boxes and files stored in workspaces creating potential fire hazards that threaten life, property, and critical information. This risk is being addressed collaboratively by the Employee Health and Wellness (EHW) Unit and the ICT Unit through the implementation of a records management and disposal project. Furthermore, the loss or theft of laptops and other work tools while employees operate in public spaces continues to pose financial risks to both the employer and employees. To mitigate this risk, employees are regularly reminded of their responsibility to safeguard state assets, while awareness initiatives on the Hybrid Working Policy and Asset Management Policy continue to be implemented.

7. PORTFOLIO COMMITTEES

The Department and its entity, SEDFA, met with the Portfolio Committee on Small Business Development throughout the 2025/26 financial year. The meetings were scheduled as follows:

Date	Agenda
Wednesday, 23 April 2025	- Consideration and adoption of the 2025 Second Term Committee Programme. - Consideration and adoption of the appointment of the Ombudsperson Report. Briefings on audit insights on the proactive reviews of the 2025/26 Strategic and Annual Performance Plans of the Department of Small Business Development (DSBD), and the Small Enterprise Development and Finance Agency (SEDFA) by the Auditor-General of South Africa.
Wednesday, 14 May 2025	Briefing on 2024/25 Fourth Quarter Performance Report by the Department of Small Business Development & Small Enterprise Development Finance Agency (SEDFA).
Wednesday, 21 May 2025	Briefing by the Department on the progress report on the Spaza Shop Support Fund. Consideration and adoption of minutes.
Wednesday, 28 May 2025	- Consideration and adoption of committee minutes. - Briefing on progress regarding the issue of VERQUIOLINE HOLDINGS PTY LTD T/A DIY DEPOT KURUMAN. Consideration and adoption of 2025 March Limpopo Oversight Visit.
Wednesday, 4 June 2025	Briefings by the Department on progress in the implementation of the 2023 March North-West and 2024 October Northern Cape oversight recommendations of the committee.
Wednesday, 11 June 2025	- Consideration and adoption of minutes. - Briefings by the Department and SEDFA & MFIs on MFIs Funding Models and the relationship with them.
Wednesday, 18 June 2025	Briefing on 2025/26 Annual Performance Plans by the Department of Small Business Development & Small Enterprise Development and Finance Agency.
Wednesday, 25 June 2025	Consideration and adoption of the 2025 Budget Vote Report.
Friday, 27 June 2025	Debate on Vote 36: Small Business Development
Wednesday, 16 July 2025	Briefing by the Department on programmes and assistance targeting co-operatives' development and support. Briefing by the Department on programmes in place for participation of MSMEs in G20 Summit undertakings.
Wednesday, 23 July 2025	Plenary
Wednesday, 3 September 2025	Consideration and adoption of the 2025 Draft Third Term Committee Programme. Committee Strategic Planning Workshop.
Thursday, 4 September 2025	Committee Strategic Planning Workshop.
Wednesday, 10 September 2025	- Consideration and adoption of committee minutes. - Consideration and adoption of Committee's Strategic & 2025/26 Annual Performance Plans. Briefings by MFIs on their funding models and the relationship with the Department of Small Business Development.

Date	Agenda
Wednesday, 17 September 2025	Consideration and adoption of committee minutes. Review of the Portfolio Committee's Report on the Nomination, Selection and Recommendations for Appointment of the Small Enterprise Ombud – dated 25 April 2025.
Tuesday, 7 – Friday, 10 October 2025	Oversight Visit to the Free State Province in the following district municipalities: 1. Mangaung Metropolitan Municipality 2. Thabo Mofutsanyane District Municipality 3. Lejweleputswa District Municipality 4. Fezile Dabi District Municipality
Tuesday, 14 October 2025	- Consideration and adoption of the 2025 Fourth Term Committee Programme. - Briefing by Auditor General of South Africa on the 2024/25 performance of the Department of Small Business Development and Small Enterprise Development and Finance Agency.
Wednesday, 15 October 2025	Briefings on the 2024/25 Annual Performance of the Department of Small Business Development and the Small Enterprise Development and Finance Agency in preparation for the Budget Review & Recommendations Report (BRRR).
Wednesday, 22 October 2025	- Consideration and adoption of 2025 Budgetary Review and Recommendation Report (BRRR). - Briefing by the National Planning Commission on the MSMEs' Advisory Notice.
Wednesday, 29 October 2025	- Consideration and adoption of committee minutes. - Briefing by National Treasury.
Wednesday, 5 November 2025	- Consideration of a Committee Tracking Tool. - Briefings on 2025/26 Quarter One Performance of the Department of Small Business Development & Small Enterprise Development and Finance Agency.
Wednesday, 12 November 2025	- Progress made in the registration of spaza shops and support implemented, as well as details of the research study conducted by the Department of Small Business Development. - Briefing by the Department of Small Business Development on Red Tape Reduction Strategy (RTR).
Wednesday, 19 November 2025	- Follow-up meeting with the Department of Cooperative Governance and Traditional Affairs (COGTA) on Spaza shops licenses. - Briefing by DTIC on Red Tape Omnibus Bill.
Wednesday, 26 November 2025	- Briefing on Catalysing MSMEs' Development in South Africa by CSC Advisory. - Briefing by Bureau of Market Research (BMR) of UNISA on the Small Business Growth Index (SBGI)
Wednesday, 3 December 2025	- Consideration and adoption of committee minutes. - Consideration and adoption of Oversight Visit Report.
Wednesday, 28 January 2026	- Briefing by the National Treasury on the following: - o The status of the Cooperative Bank Act of 2007, and - o National Treasury's role in increasing access to funding for MSMEs and co-operatives, including efforts to assist the DSBD's MSME and Cooperatives Funding Policy.
Monday, 2 – Friday, 6 February 2026	Eastern Cape Oversight Visit. (Group B)
Thursday, 12 February 2026	State of the Nation Address
Wednesday, 18 February 2026	- Briefing on SONA: Small Business Perspective by Research Unit. - Oversight Capacity Building Engagement on the impact of e-Commerce: How Big Online Stores affect Small Businesses – and what can be done to assist MSMEs and Co-operatives to compete and grow.
Wednesday, 25 February 2026	- Briefing by the Department of Small Business Development on progress made in profiling cooperatives and finalisation of the formation of Co-operative Apex Body. - Consideration of dispute between Altitudes Building Contractors (PTY) Ltd and King Sabata Dalindyebo Local Municipality. - Briefing on Sona 2026 SBD PERSPECTIVE.

Date	Agenda
Wednesday, 4 March 2026	Briefings on progress on Spaza Shops Funding. DSBD on Spaza Shops support and progress in the implementation of Spaza Shops Fund & COGTA on progress in the issuing of Spaza Shops licenses.
Wednesday, 11 March 2026	Briefing on 2025/26 Quarter 2 & 3 Performance Reports by the Department of Small Business Development & Small Enterprise Development and Finance Agency.
Wednesday, 18 March 2026	- Reconsideration of the Appointment of Small Enterprise Ombudsperson Report. - Consideration and adoption of the Eastern Cape Oversight Report.

Matters Raised by the Portfolio Committee and How the Department Has Addressed These Matters

No.	Matters raised by the Portfolio Committee	Department's Response
1.	The committee notes and welcomes positive audit outcomes for the portfolio. The Department received an unqualified audit opinion with no material findings for the financial year 2024/25. For the period 1 April 2024 to 30 September 2024, Sefa successfully improved its audit outcomes from unqualified with findings the prior year to unqualified with no findings. In contrast, Seda received an unqualified opinion but with material findings related to performance information.	In response to the committee's observations regarding audit outcomes, we wish to highlight that the Small Enterprise Development and Finance Agency (SEDFA) have taken deliberate steps to enhance our planning and reporting management system. We have undertaken a thorough review of our key performance indicator (KPI) reporting processes to ensure greater accuracy, accountability, and alignment with organisational objectives. These improvements are part of our ongoing commitment to strengthening internal controls and addressing prior material findings, particularly around performance information. We are confident that these measures will contribute to sustained improvements in our future audit outcomes.
2.	After the merger, from 1 October 2024 to 31 March 2025, the committee notes that SEDFA's audit outcome is unqualified with material findings on the quality of financial statements and reported performance information. Given that this is a new entity, the committee is optimistic that the audit results will improve with time.	We recognise the findings identified in the quality of our financial statements and reported performance information for the review period. As a newly established entity, we are committed to addressing these findings as a matter of priority. We have already begun implementing measures to strengthen our internal controls, enhance the accuracy of our financial reporting, and improve the reliability of our performance information. Our team is actively engaging with auditors and relevant stakeholders to ensure that corrective actions are taken and that lessons learned are integrated into our processes. We share the committee's optimism and are confident that, with continuous improvement and dedicated effort, SEDFA will deliver better audit outcomes in future cycles. We remain fully committed to transparency, good governance, and accountability as we build a strong foundation for the organisation.

No.	Matters raised by the Portfolio Committee	Department's Response
3.	The Department successfully implemented 30 out of 34 targets and recorded an impressive performance of 88 percent—the highest achievement in five years. On the contrary, SEDFA recorded a success rate of 72% of key targets. The agency attributed the underperformance to the General Dealer Support and TTA Programmes.	While it is noted that SEDFA achieved a 72% success rate against its key targets, there are several factors beyond the General Dealer Support and Technology Transfer Assistance (TTA) Programme that contributed to this underperformance. The transition and integration challenges: As a newly merged entity, SEDFA faced significant operational and administrative adjustments. The process of integrating systems, aligning procedures, and consolidating teams created transitional inefficiencies that affected our ability to deliver certain targets within the reporting timeframe. Internal Control and Reporting Improvements: Material findings in our financial statements and reported performance information, as noted by the audit, indicated gaps in internal controls and data accuracy. Addressing these challenges has required time and resources, temporarily impacting our capacity to meet all key targets. Resource Allocation and Capacity Constraints: Limited resources and capacity constraints, especially during the early stages of SEDFA's establishment, affected the timely execution of certain projects and initiatives. Recruiting and training new staff, as well as adapting to revised operational frameworks, has been an ongoing process. Stakeholder Engagement and Coordination: As SEDFA worked to establish collaborative relationships with the Department and other stakeholders, coordination challenges sometimes led to slower decision-making and implementation of key activities. SEDFA acknowledges these challenges and has already begun implementing corrective measures, including strengthening internal controls, enhancing project documentation, and improving stakeholder engagement. We are confident that these efforts will result in improved performance and audit outcomes in future cycles. We remain committed to transparency, accountability, and continuous improvement as we build a robust foundation for the organisation.
4.	The Department's financial spending performance is stable. It registered an impressive 98.4% expenditure and reduced unspent funds from R44 million during the previous cycle to R39 million in 2024-2025 financial year. It thus kept an annual budget variance below 5% and, in that way, demonstrating strong financial control.	The comment is noted with thanks.
5.	The committee is pleased that the Department has consistently met the requirement to pay all valid invoices within 30 days, indicating compliance with regulations that aim to prevent cash flow issues for suppliers. It again paid all of its legitimate debtors in less than 30 days during the period under review.	The recommendation is noted with thanks.

No.	Matters raised by the Portfolio Committee	Department's Response
6.	The committee is concerned at the number of terminations, 87, notwithstanding a total of 168 appointments during the period in consideration. As of 31 March 2025, the Department reported a vacancy rate of 19,6%, which amounts to 62 vacant positions. The number of vacant posts correlates with the degree of underspending, in particular, compensation of employee, which is underspent by R14,6 million (6,3%). This trend was prevalent throughout the MTSF period, where all four of the Department's programmes underutilised their budget allocations due to vacant posts.	While the Department acknowledges the high number of terminations, it is important to note that the majority of these relate to the conclusion of fixed-term contracts for employees appointed in addition to the establishment. These appointments were made to provide short-term support and address capacity gaps identified within the Department. The additional appointments assisted with the implementation of key initiatives such as the District Development Model (DDM) through the deployment of regional and local economic development officials, strengthening security services, and enhancing stakeholder engagement and communication through the Communication Management unit. Furthermore, additional staff were appointed temporarily to expedite the filling of permanent vacancies and to support priority projects, including the establishment of the Small Enterprise Ombud Service, G20-related initiatives, and business regulation functions. Although these terminations have contributed to a higher turnover rate, they were largely planned and temporary in nature. As a result of these interventions, the Department has made progress in reducing the vacancy rate to 15,5% as at 1 December 2025. The employment of additional personnel in key areas has also supported operational efficiency and enabled better management of savings arising from current vacancies, while ensuring continuity of service delivery.
7.	The Committee welcomes the finalisation of MSMEs and Co-operatives Funding Policy which was approved by Cabinet on 18 September 2024. The policy is aimed at increasing public sector and private sector funding from MSMEs and co-operatives through the creation of a Fund of Funds, the development of an alternative credit ratings system, and the establishment of a moveable asset register, among other interventions. The committee is optimistic that the policy will improve the credit environment for MSMEs and cooperatives by addressing issues such as poor coordination, financial literacy, and the lack of collateral.	The Department of Small Business Development (DSBD) notes the comments of the Portfolio Committee. The Micro, Small, Medium Enterprises (MSMEs) and Co-operatives Funding Policy development process has been concluded. The DSBD and other role players are embarking on the process of implementing the MSMEs and co-operatives Funding Policy. Some of the policy proposals that are being implemented include but are not limited to: The Stakeholder Engagement Forum (SEF) was established by DSBD to coordinate all funding activities in the country to avert fragmentation, mandate creep, duplication of efforts, and double dipping. • SEDFA provides Business Development Support through its network of regional offices and incubators to de-risk funding to MSMEs and make the MSME sector attractive to financiers. • DSBD and other ecosystem role players such as the National Treasury, Department of Justice and Constitutional Development, Banking Association of South Africa, South African Reserve Bank, National Credit Regulator and others, are in the process of designing the Movable Assets Collateral Registry (MACR). The implementation of MACR will make it possible for MSMEs to use movable assets such as livestock, inventory, cash and cash equivalents, equipment, and machinery as security for loans. • DSBD is collaborating with the South African Credit and Risk Reporting Association (SACRRA) to collect businesses' (MSMEs) credit data to reduce information asymmetry between lenders and borrowers, improve access to credit for MSMEs and promote the sharing of credit information among role players.

No.	Matters raised by the Portfolio Committee	Department's Response
8.	Furthermore, it notes the submission of the Business Licensing Policy to the Cabinet Office for Cabinet approval through the Economic Sectors, Investment, Employment, and Infrastructure Development (ESIEID) Cabinet Committee in March 2025. However, it is equally concerning that there seem to be delays in finalising and submitting to Parliament the Business Licensing Bill, which, according to the Department, will be submitted to Cabinet in 2025/26 for ultimate submission to Parliament on a date not yet clearly specified. Both the Policy and the Bill are aimed at addressing small business licensing bottlenecks through streamlining the business licensing regime.	The National Business Licensing Policy was approved by Cabinet on 28 May 2025 and subsequently published in the Government Gazette on 27 June 2025. This policy represents a significant milestone in reforming South Africa's business licensing framework. It provides the strategic foundation for modernising and digitising the licensing system, improving regulatory efficiency, and fostering inclusive economic participation, with a particular focus on supporting small and informal businesses. Following this foundation, the Business Licensing Bill, 2025, was approved by Cabinet for public consultation on 3 September 2025, and the Minister authorised its publication on 16 September 2025. The Bill was published in the Government Gazette on 26 September 2025 for a 30-day comment period, which closed on 27 October 2025 after receiving 19 submissions and five requests for extension. On 31 October 2025, the Minister extended the consultation period until 28 November 2025, with the extension notice published on 07 November 2025. To ensure broad stakeholder engagement, the DSBD conducted hybrid consultation workshops, held between 11 and 28 November 2025, attracting 1712 attendees nationally. Stakeholders consulted include Business Chambers, Forums and Associations representing formal and informal businesses as well as the disability sector, civil society organisations, provincial governments (all provinces), municipalities, MSMEs, co-operatives and informal traders. DSBD also received 1 182 written and email submissions, including detailed legal, operational, and constitutional critiques.
9.	The location of the projects supported by both the Department and SEDFA remains a significant concern for the committee. The recommendation to provide GPS coordinates in all application forms was made by the committee some time ago but appears to have been ignored. This is notwithstanding an agreement between the Department and SEDFA to carry it out without delay.	The DSBD is in the process of creating a database of all the businesses that have received support from the Department through SEDFA. We are currently validating the data; the next process will be to geo-map all the businesses. The Department acknowledges the committee's concern regarding the inclusion of GPS coordinates in project applications and tracking. For the Informal Micro Enterprise Development Programme (IMEDP), workshops are conducted at centralised venues, making it impracticable to obtain GPS coordinates during the pre-application stage. However, the Department will ensure that GPS coordinates are captured during post-disbursement site visits. This process will commence once post-disbursement monitoring activities are underway. To give full effect to this activity, the Department will work closely with SEDFA, municipalities, traditional authorities, and relevant business associations to ensure the accurate recording of project locations. With regard to the business infrastructure, as implementation continues across the country, the Department is introducing improvements and amendments to the application processes which will also introduce this element on all platforms to ensure that GPS coordinates are captured at the point of application. This enhancement will strengthen the Department's ability to monitor project reach, accessibility, and spatial distribution in support of transparent and data-driven decision-making. While the committee remains concerned about the location of projects supported by both the Department and SEDFA, it is important to note that the SEDFA clients' database maintains comprehensive records, including both the demographic and physical addresses of all funded clients. This ensures that the physical locations of supported projects are systematically captured and readily available for oversight and monitoring purposes. The inclusion of this information enhances transparency and facilitates effective tracking of project implementation, thereby addressing concerns regarding the identification and verification of project sites.

No.	Matters raised by the Portfolio Committee	Department's Response
10.	The committee has taken note of the CSP programme's persistent poor results. Following its oversight visit to the Northern Cape, the Committee issued the following recommendation: "The MoUs between the Provincial Investment Promotion Agencies and the Department should be reconsidered. Based on the Northern Cape's experience, the committee concluded that they add no value. Seda's national footprints are far wider than PIPAs, which are mostly located in the provincial headquarters. Unless there are strong grounds to maintain this partnership, all activities or interventions earmarked for delivery through PIPAs should be transferred to SEDFA on or before 31 March 2025." Once more, during its most recent visit to Free State, it overcame comparable obstacles with the CSP programme due to Free State Development's noncompliance with SARS. On the other hand, programme two (Sector Policy and Research) underspent its budget because the North-West Development Corporation did not comply with tax laws.	The Department acknowledges the committee's observations and recommendations regarding the persistent performance challenges within the Craft Customised Sector Programme (CSP) and the concerns raised during recent oversight visits to the Northern Cape and Free State. These matters have been under serious review to ensure strengthened accountability, improved delivery, and greater value for money in programme implementation. 1. Strengthening of the MOAs to Improve Accountability. The Department has recently strengthened the Memoranda of Agreement (MOAs) with its implementing agencies and hubs through the introduction of an amended performance clause. This amendment is designed to: • Enhance performance monitoring and reporting obligations of agencies and hubs. • Link disbursements to verified performance outcomes, ensuring that funds are released based on achievement of agreed deliverables. • Enforce accountability measures that enable the Department to intervene, suspend, or terminate agreements where non-performance or non-compliance (including SARS-related issues) is detected. 2. Craft CSP Programme Under Review The Craft CSP is currently under comprehensive review to address structural inefficiencies and realign its design to deliver measurable sector impact and sustainability. The review seeks to: 2.1 Reassess the delivery model and institutional arrangements; 2.2 Improve financial accountability mechanisms; and 2.3 Ensure the programme better supports small and emerging craft enterprises through market access, enterprise development, and financial inclusion. Two key implementation options are under consideration: Option 1: Transfer of the Craft CSP Fund to SEDFA The first option proposes transferring the fund to SEDFA, where it could be restructured as a blended finance model. This approach would leverage SEDFA's financial management expertise and national reach to: • Blend grants with concessional finance for improved sustainability; • Enhance governance, monitoring, and reporting controls; and • Expand the reach of the CSP through partnerships with commercial and development finance institutions. This would align with SEDFA's broader mandate to facilitate inclusive enterprise development and improve access to finance for micro and small enterprises in the craft sector. Option 2: Retain the Programme within DSBD with Strategic Partners Alternatively, the Department may retain the programme in-house while partnering with impactful national institutions that have demonstrated strong governance and delivery capacity. This partnership model would allow DSBD to maintain oversight and policy alignment while drawing on the capacity and infrastructure of established national partners to ensure delivery at scale and compliance with financial and tax requirements.

No.	Matters raised by the Portfolio Committee	Department's Response
		3. Addressing non-compliance The Department has also initiated corrective measures to prevent future disruptions due to partner non-compliance with the South African Revenue Service (SARS) or other statutory obligations, as observed with the Free State Development Corporation: 3.1 All implementing agencies/hubs for 2025/26 were subjected to strict due diligence prior to adjudication and contracting; and 3.2 Non-compliant institutions, like the Free State Development Corporation [FDC] were disqualified and only previously performing partners (i.e. CDI, Eastern Cape Development Corporation [ECDC], BBCDI etc.) were considered to safeguard implementation of continuity.
11.	The committee records the AG report and guidance. A negligible amount of fruitless and wasteful expenditure was noted in the portfolio. The committee is confident that the Department will take precautionary measures and exercise reasonable care to ensure that the same does not occur in future. The AG's main message to the committee is that it should monitor the implementation of procedures and provide strategic oversight to ensure that financial statements and performance indicators are backed by accurate and credible information. The committee would like to encourage the Department to continue to ensure that implementation of the audit action plan is monitored on a regular basis to enable the team to curtail repeat findings. The committee will review quarterly reports of the Department and SEDFA to track progress on the execution of AG recommendations.	The DSDB Internal Audit and the Supply Chain Management Units are handling the matter for direction on the determination of the appropriate outcome relating to the fruitless and wasteful expenditure of R6 358. In response to the Committee's emphasis on transparency, accountability, and effective oversight, SEDFA wishes to highlight its ongoing commitment to these principles. On a quarterly basis, SEDFA diligently prepares management accounts and presents them to the Board. This regular reporting not only ensures that financial statements and performance indicators are underpinned by accurate and credible information, as advised in the Auditor-General's guidance, but also reinforces our dedication to transparency and accountability in all financial matters. By consistently sharing these reports, SEDFA enables both the Board and stakeholders to track progress on the execution of audit recommendations and supports the committee's mandate to monitor the implementation of action plans and curtail repeat findings.

No.	Matters raised by the Portfolio Committee	Department's Response
12.	The process of filling vacant positions has been actively discussed and addressed as a matter of priority. The committee is herewith directing the Department to expedite recruitment efforts and fill vacant posts as rapidly as possible. The committee has often stated that employee compensation and goods and services were mostly to blame for the underspending on financial indicators. The committee will monitor the progress made toward this indicator by looking at quarterly reports of the Department.	The Department acknowledges the concern regarding the filling of vacant positions and management of the cost of employment budget. As at 1 December 2025, the Department recorded 50 vacancies, reflecting a vacancy rate of 15.5%. However, it is important to note that several [2] confirmations of appointments were received for January 2026. Normal attrition, which included the exit of eight officials occupying permanent positions during the reporting period (1 April – 30 November 2025), has also contributed to the vacancy rate. In addition, while internal promotions (five during this period) do not reduce the number of vacancies, the Department continues to prioritise and support career progression where it is merited. To support critical functions and ensure operational continuity, the Department has appointed project managers to assist with the establishment of the Small Enterprise Ombud Service, implementation of G20-related projects, Asset Assist and strengthening of business regulation capacity. These measures have contributed to effective management of the cost of the employment budget. At present, the Department is projecting cost of employment savings that may be declared at around R4 million.
13.	The delays in finalising and submission of the Business Amendment Bill to Parliament four years after its review began are concerning. The Department should refer this Bill to Parliament before the end of the current financial year. In anticipation for its tabling, the committee has incorporated it in its annual performance plan for the 2025-2026 financial year.	The Business Licensing Bill, 2025, was introduced to the Economic Sectors, Investment, Employment and Infrastructure Development (ESIEID) Cabinet Committee on 27 August 2025 after being included in the 2025 Legislative Programme as a priority item on 4 August 2025. This inclusion underscores government's commitment to modernising and digitising the business licensing system, improving regulatory efficiency, and fostering inclusive economic participation, particularly for small and informal businesses. Since its introduction, significant progress has been made. Cabinet approved the Bill for public consultation on 3 September 2025. The Bill was published in the Government Gazette on 26 September 2025 for a 30-day comment period, which closed on 27 October 2025 with 19 submissions received and five requests for extension. On 31 October 2025, the Minister extended the consultation period until 28 November 2025, and the extension notice was published on 7 November 2025. To broaden stakeholder engagement, the Department of Small Business Development conducted hybrid workshops. The first consultation workshop was held in Cape Town on 11 November 2025, followed by virtual workshops for North West and Northern Cape on 18 November 2025. The Free State workshop occurred in Bloemfontein on 21 November 2025, and Limpopo's workshop was on 20 November 2025. Workshops for KwaZulu-Natal, Mpumalanga, and Gauteng were held on 26, 27, and 28 November 2025, respectively. The Department hosted a series of build-up events from 10 November 2025 with various stakeholders (Business Chambers, Forums and Associations, Civil society organisations, provincial and local government; MSMEs, co-operatives and informal traders) as part of preliminary sessions, prior to the main consultations. The Department has started analysing every submission received (1 182 written and email submissions) which include detailed legal, operational, and constitutional critiques.

No.	Matters raised by the Portfolio Committee	Department's Response
14.	The Department should reconsider its association with PIPAs. Seda's national footprints are far wider than PIPAs, which is in provincial headquarters. Unless there are strong grounds to maintain this partnership, all activities or interventions earmarked for delivery through PIPAs should be transferred to SEDFA before 31 March 2026.	Partnerships with provincial development agencies remain a key priority for SEDFA. These partnerships have added value, especially with regard to co-funding arrangements which comprise both cash and in-kind services. For example, in our partnership with the Eastern Cape Rural Development Agency (ECRDA), SEDFA contributed R50 million and ECRDA R25 million, and this pool is helping MSMEs in the Eastern Cape to access financial and non-financial support. In addition, ECRDA assists with pre-investment support, such training, application packaging and post-investment support. The Department will conduct a review of all existing MoUs with Provincial Investment and Promotion Agencies (PIPAs), focusing on: 1. Ensuring that each MoU outlines specific, measurable, achievable, relevant, and time-bound objectives and key performance indicators. 2. Clearly identifying and delineating the core competencies and value-added services offered by PIPAs that complement and enhance the Department's existing capabilities. 3. Conducting a cost-benefit analysis to assess the efficiency and effectiveness of PIPA collaborations compared to alternative service delivery models, be it in-house and/or external. 4. Enhancing our monitoring and evaluation frameworks to track the performance of PIPAs, identify any areas for improvement, and ensure accountability for the delivery of agreed-upon services. 5. Exploring opportunities to streamline service delivery by leveraging existing government resources and minimising unnecessary duplication of efforts.
15.	Furthermore, there are functions that still get allocated to or reside to other government departments or agencies to manage specific projects or functions related to small business development. Budget line items are therefore allocated to these different departments to fund specific microenterprise support projects, e.g., Tourism, Agriculture, Social Development and Rural Development to name a few. The Department should lead a process of interdepartmental coordination by advocating for all budget line items to be transferred to the Department and Sedfa.	With regard to the Business Infrastructure Support (BIS) Programme, the Department continues to collaborate with sector departments, provincial departments, and entities through established partnership agreements. Within these joint initiatives, the Department provides strategic leadership and programmatic oversight to ensure alignment with the broader objectives of small business development and effective coordination of support to beneficiaries.

No.	Matters raised by the Portfolio Committee	Department's Response
16.	Support for co-operative enterprises has historically been poor. The Co-operatives Development Support Programme (CDSP) needs to be scaled up to better support the growth and sustainability of cooperatives of all types. This involves increasing financial and non-financial support, full implementation of the Co-operatives Amendment Act and Co-operative Banks Act, improving access to markets, and addressing challenges like limited access to capital and business skills. The committee will routinely examine quarterly reports from the Department and SEDFA to ascertain the extent of improvement.	Support for Co-operatives has historically been sporadic and uncoordinated, which is precisely what the Co-ordinating Structures, the Apex Co-operative, in partnership with the DSBD, SEDFA, and other key stakeholders, are working to address. For the 2025/26 financial year, a budget allocation of R61 million has been set aside for the Co-operatives Support Development Programme (CSDP). This allocation remains insufficient to adequately support the growing number of co-operatives requiring financial assistance. To improve the scale and impact of support, the Department proposes that financial contributions from various stakeholders be pooled into a single "funding pot", ensuring better coordination, streamlined administration, and efficient implementation of co-operative development initiatives. The Co-operatives Act provides for the active participation of multiple stakeholders in co-operative development. The Department is, therefore, prioritising the full implementation of these provisions to ensure collaboration across all relevant sectors. Furthermore, market access opportunities arising from the Preferential Procurement Policy Framework (including the Set-Aside provision) will be monitored closely to ensure effective implementation and that co-operatives benefit from such opportunities. Through SEDFA, co-operatives will continue to be capacitated on key areas such as quality management, financial management and bookkeeping systems, enterprise management, costing, and pricing to enhance competitiveness and sustainability in the marketplace. With the merger of the Co-operative Banks Development Agency (CBDA) into SEDFA, the co-operative financial institutions (banking) function is now integrated within SEDFA. A dedicated unit has been established within the agency to manage and strengthen this area of work. SEDFA acknowledges the committee's concerns regarding historical challenges in supporting co-operative enterprises and fully aligns with the call to scale up interventions under the Co-operative Development Support Programme (CDSP). In response, SEDFA is implementing the following measures: Mitigation Measures: • SEDFA assures the department and PC that it is actively working to address these the identified challenges and others through measures such as simplifying administrative processes, introducing contingency provisions for price fluctuations, strengthening governance training, improving stakeholder coordination, and expanding market access initiatives through partnerships with municipalities, ecosystem partners and private sector buyers Future Outlook: • Furthermore, SEDFA's support for co-operatives is expected to increase from 50 in 2025/26 to 65 by 2028/29, reflecting a focused effort to reinforce the co-operative sector. This growth will be driven by targeted interventions including customised training, governance enhancement, and enterprise development support. The programme will be aligned with the Co-operative Banking Sector Development Strategy (2021), advancing financial inclusion and fostering collective economic participation among workers and mixed-income communities

No.	Matters raised by the Portfolio Committee	Department's Response
17.	Sedfa should consider disposing of its property portfolio and focus on its mandate of increasing access to finance for MSMEs and cooperatives. Access to affordable office space and business premises is a challenge for many young and aspiring entrepreneurs. These properties should best be given to the Department of Public Works for renovations before being leased back to MSMEs and cooperatives at a nominal fee.	SEDFA acknowledges the committee's recommendation regarding the possible disposal of its property portfolio and the need to sharpen our focus on our primary mandate of expanding access to finance for MSMEs and cooperatives. We fully recognise that limited access to affordable office space and business premises remains a significant barrier for young and aspiring entrepreneurs, and we appreciate the committee's proposal as a potential means of addressing this challenge. In alignment with this recommendation, SEDFA has initiated a comprehensive assessment of its property portfolio to determine the strategic value, financial implications, and developmental impact of retaining versus disposing of these assets. This includes evaluating the extent to which these properties contribute to or detract from our ability to effectively deliver on our core developmental finance mandate. These assessments are done to achieve the following: • Optimise the utilisation of state-owned infrastructure. • Support enterprise development through more accessible physical spaces. • Ensure that SEDFA's operational resources are directed toward high-impact financial support interventions for MSMEs and cooperatives.
18.	The lack of project-specific location is a risk that has been flagged by the committee on numerous occasions. The Department and SEDFA still do not track the exact whereabouts of the projects they support. All project applications and approvals should be required to include specific GPS coordinates. The requirement for GPS coordinates enables the use of location-based services, such as mapping, navigation, and real-time updates on project progress. This recommendation is for immediate implementation by both the Department and Sedfa.	The Department notes the committee's observation regarding the lack of project-specific location data and acknowledges that this presents a risk in terms of project tracking, accountability, and monitoring. For the Informal and Micro Enterprise Development Programme (IMEDP), workshops are held at centralised venues, making it impractical to obtain GPS coordinates during the pre-application stage. However, the Department has initiated a process to ensure that GPS coordinates are captured during post-disbursement site visits. This activity will commence once the post-disbursement monitoring process is fully underway. To strengthen implementation, the Department will work closely with SEDFA, municipalities, traditional authorities, and relevant business associations to capture and verify accurate project location data. With respect to the BISP and other enterprise support interventions, the Department is in the process of improving the application platforms and forms to include a mandatory field for GPS coordinates. These enhancements will ensure that all new applications contain verified location data before approval. The Department concurs with the committee's recommendation and will ensure that the requirement for GPS coordinates becomes a standard condition across all funding instruments implemented by both DSBD and SEDFA, thereby improving monitoring, evaluation, and spatial mapping of funded projects. While the committee remains concerned about the location of projects supported by both the Department and SEDFA, it is important to note that the SEDFA clients' database maintains comprehensive records, including both the demographic and physical addresses of all funded clients. This ensures that the physical locations of supported projects are systematically captured and readily available for oversight and monitoring purposes. The inclusion of this information enhances transparency and facilitates effective tracking of project implementation, thereby addressing concerns regarding the identification and verification of project sites.

No.	Matters raised by the Portfolio Committee	Department's Response
19.	To address the skills gap, small enterprises should be assisted to profit from external partnerships with educational institutions, vocational training providers, and industry experts to access tailored programmes and real-world insights. The small enterprise sector struggles with skills due to a lack of management, financial, and digital skills, compounded by difficulties in attracting and retaining talent, often due to limited resources. These skill gaps hinder performance and competitiveness, as businesses struggle to compete globally and manage day-to-day operations effectively. In addition, the Department should implement concrete partnerships to leverage human capital from SETAs. It must work closely with other like-minded departments like the Department of Employment and Labour as well as Public Works in the area of affordable business premises.	The DSBD is in the process of gazetting the Incubation and Business Development Services (IBDS) Policy. Amongst the key gaps, the policy will address is the professionalisation of the Incubation and Business Development sector. This will be achieved through partnerships with SETAs, South African Qualification Authority (SAQA), Quality Council for Trades and Occupations (QCTO) and research institutions to develop and implement the National Accreditation and Certification Framework and continuous professional development interventions for IBDS practitioners to develop a skilled and reputable workforce. Furthermore, sector-specific programmes tailored to high-growth industries such green technology, agriculture, and health technology will be developed to capacitate MSMEs with industry-specific skills and knowledge. Lifecycle-appropriate capacity building for start-ups, growth stage, and mature businesses will be provided, including digital skills and adoption of technologies. The Department recognises that small enterprises face critical skills gaps in management, finance, and digital competencies, which limit their competitiveness and growth. To address this, DSBD is strengthening partnerships with educational institutions, universities, and SETAs to deliver tailored, practical training and mentorship. The Department is also collaborating with other government departments to align programmes that provide affordable business premises, workplace exposure, and skills transfer opportunities. These efforts aim to build a more resilient, competitive, and sustainable small enterprise sector, leveraging existing human capital and structured support programmes. Also, SEDFA regards addressing the skills gap within the small enterprise sector as a strategic priority. SEDFA has launched several initiatives aimed at empowering small businesses to overcome challenges related to management, financial, and digital skills. Recognising that limited resources often make it difficult for these enterprises to attract and retain talent, SEDFA actively facilitates access to external partnerships with educational institutions, industry experts and our own incubation centres. Through these collaborations, small businesses can participate in tailored programmes that offer practical, real-world insights relevant to their sector. The following highlights the progress recorded by the organisation in the quarter 2 report, showcasing key initiatives undertaken during this period in addressing the skills gap challenges in partnership with the different SETAs. Manufacturing, Engineering and Related Services Sector Education and Training Authority (MerSETA) Automotive Project. Artisan Recognition of Prior Learning. (ARPL Programme) - A structured process that allows individuals with relevant work experience and informal training in a trade to be assessed and recognised as competent artisans without having to undergo the full formal training route. • 592 learners enrolled; 365 trade tested; 331 competent, and 34 not yet competent). The balance of 227 is awaiting trade test approvals from the MerSETA. Skills Programmes: • The target of 312 learners completed training; 44 received Statements of Results (SORs); 268 learners are waiting for the external moderation and SORs from the SETA.

No.	Matters raised by the Portfolio Committee	Department's Response
		Automotive Refrigeration & Spray-Painting: Automotive refrigeration and spray painting are specialised trades within the automotive sector accredited by MerSETA. Automotive Refrigeration focuses on the installation, maintenance, and repair of vehicle air-conditioning and refrigeration systems, ensuring compliance with safety and environmental standards. Spray painting involves preparing vehicle surfaces and applying coatings using advanced techniques and equipment to restore or enhance vehicle finishes. Both trades form part of MerSETA's artisan development programmes, aimed at addressing skills shortages and promoting technical excellence in the automotive industry. Automotive Refrigeration - • 66 learners were enrolled on MerSETA system. • 20 learners were registered and approved. • 46 learners are in the process of registering and are approved. Spray painting • 83 learners enrolled on the MerSETA system. • 21 learners were registered on the system and approved to be competent. • 62 learners are still to be registered/approved. Challenges: 1. Delays in trade test approvals by the SETA (ARPL); and 2. Delays in conducting the moderation of the skills programme by MerSETA are causing project closure delays and learner frustration. Wholesale & Retail (W&R) SETA on Spaza Shop Programme – In 2023, the then Small Enterprise Development Agency (Seda) and Wholesale & Retail SETA signed an agreement to train and 5 000 spaza shops and general dealers and procure stock for 1000 beneficiaries. The MerSETA Solar Project is a national initiative that trains thousands of learners as solar PV technicians to support South Africa's energy transition. It provides theoretical and practical training, workplace experience, and funds infrastructure at TVET colleges, while developing mentors and digital learning platforms. The project promotes renewable energy, creates jobs, and drives sustainable economic growth. • Phase 1: Apprenticeship (Electricians) – 100 learners were targeted; The procurement of the service provider was in progress at the time of reporting. • Phase 2: Learnerships (Solar) – 100 learners targeted; procurement in progress. • Phase 3: Skills Programme – 100 learners recruited and enrolled; training in progress. Awaiting an amended MoU for Occupational Part Qualification. • Phase 4: ARPL (Electricians) – 400 learners targeted; recruitment completed; gap closure training is underway; serial number applications are pending. • Monthly progress meetings and reports submitted. The Public Sector Education and Training Authority (PSETA) Mpumalanga Learnership Programme – This New Venture Creation Learnership Programme is dedicated to the unemployed youth in Mpumalanga, at the Dr Moroka district. The objective of the programme is to equip the unemployed with the skills to start and operate a successful business. These initiatives reflect SEDFA's commitment to building human capital and supporting inclusive economic growth through structured skills development programmes

No.	Matters raised by the Portfolio Committee	Department's Response
20.	On red tape reduction and ease of doing business efforts, the committee fully supports the Department of Planning, Monitoring and Evaluation (DPME) and National Planning Commission (NPC) call for the creation of a Red Tape Reduction Act or any legally binding framework to hold public and private sector institutions accountable for actions that contribute to processes and obstacles that hinder MSMEs and cooperatives from operating optimally. Furthermore, there is a need to set and integrate red tape reduction targets in public official performance contracts, including administrative support officials at all levels of government.	The committee's position aligns strongly with global best practices for improving the ease of doing business and reducing administrative burdens on MSMEs and cooperatives. Establishing a legally binding framework, such as the Red Tape Reduction Act, would create accountability across both public and private sectors for actions that introduce unnecessary complexity and delays. This approach ensures that regulatory processes are streamlined and that compliance requirements do not become barriers to entry or growth for small enterprises. Integrating red tape reduction targets into performance contracts for public officials, including administrative support staff, is a critical mechanism to drive behavioural change and incentivise government structures. It embeds accountability at an operational level and incentivises efficiency in service delivery. Such measures, combined with ongoing digitisation efforts and policy reforms like the National Business Licensing Policy and Business Licensing Bill, will significantly enhance the business environment, promote competitiveness, and support inclusive economic participation.
21.	The Department should work closely with the DPME and NPC and regularly report to the committee.	The DSBD is working closely with the Department of Planning, Monitoring and Evaluation (DPME) and the National Planning Commission (NPC) on various red tape reduction initiatives. As part of these efforts, DSBD is currently contributing to the development of the Red Tape Reduction Tracker, a monitoring tool designed to track key indicators related to regulatory efficiency. These indicators include, among others, compliance timelines and the 30-day payment requirement, which is critical for improving cash flow for MSMEs and cooperatives. This collaboration ensures alignment with national priorities and strengthens accountability in reducing administrative burdens that hinder business operations.
22.	As requested by the committee during the meeting of 15 October 2025, the Department must share the Red Tape Reduction Framework with the committee upon adoption of this BRRR report.	The DSBD fulfilled the committee's request made during the meeting of 15 October 2025 by sharing the Red Tape Reduction Framework and presenting its details to the committee on 5 November 2025. The presentation outlined the framework's objectives, key pillars, and implementation approach aimed at reducing regulatory and administrative burdens that hinder MSMEs and cooperatives. Furthermore, DSBD reaffirmed its commitment to transparency and collaboration by undertaking to provide the committee with the latest version of the Red Tape Reduction Framework once all updates and refinements have been finalised. This will ensure that the committee remains fully informed on progress and is able to monitor alignment with broader ease-of-doing-business and red tape reduction targets.

No.	Matters raised by the Portfolio Committee	Department's Response
23.	The committee is demanding faster progress on lifestyle audits due to concerns over corruption and a lack of accountability in the public service. The Department is required to report back to the committee on a quarterly basis. The committee's directive is part of a broader effort to strengthen consequence management and combat corruption within the public service.	DSBD has conducted a lifestyle review in the 2024/2025 financial year on SMS profiles. There were no SMS members who were subject to further investigations. The plan was to conduct a review in 2025/2026 financial year on Deputy Directors, Finance and SCM officials. However, the e-Disclosure system administered by the DPSA has been down since the 30 July. Therefore, the Risk and Integrity Management unit could not conduct the lifestyle review this year due to the unavailability of the system.
24.	The committee is noting a number of incidents that go with impunity, e.g., recurring internal control deficiencies, procurement of a trolley through negligence, penalties and interest from SARS for late submission of EMP201, overcharge costs paid by Seda to the service provider for the event planned for SMME clients, and so forth. Lack of consequence management or failure to hold officials accountable for their actions, leading to a "culture of impunity" where poor performance and misconduct go unpunished, should stop. The Department and SEDFA should henceforward report on corrective steps to prevent or curb poor performance on a regular or quarterly basis, just as they do in the annual reports.	The DSDB Internal Audit and the Supply Chain Management units are handling the matter for direction on the determination of the appropriate outcome relating to the fruitless and wasteful expenditure of R6 358. In terms of the procurement of a trolley through negligence, two officials were disciplined for the procurement of trolleys. With regards to penalties and interest from SARS for late submission of EMP201, the matter was never reported to Employee Relations On the overcharge of costs paid by Seda to the service provider for the event planned for SMME clients, SEDFA acknowledges the committee's concerns and promises to address these issues. SEDFA has implemented a comprehensive set of corrective measures: • Strengthened Internal Controls: We have initiated a thorough review and enhancement of our internal control systems, including regular audits and risk assessments, to promptly identify and address deficiencies. • Consequence Management Framework: SEDFA has adopted a formal consequence management policy to ensure that all instances of poor performance and misconduct are investigated, and that appropriate disciplinary actions are consistently applied. This policy is being communicated to all staff and forms part of our ongoing training programmes. • Discipline is a management function; it is the responsibility of line management to contact Corporate Management, in instances where cases were reported and consequence management was implemented.

8. SCOPA RESOLUTIONS

Not applicable to DSBD

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

Not applicable to DSBD

10. INTERNAL CONTROL UNIT

The Department does not have a funded Internal Control Unit; these functions are performed at a unit level through existing policies and procedures.

11. INTERNAL AUDIT

The mandate of the DSBD Internal Audit Function is derived from sections 38(1)(a)(ii) and 76(4)(e) of the Public Finance Management Act (PFMA), Act 1 of 1999; section 3.2 of the Treasury Regulations; and the International Professional Practices Framework (IPPF) of Internal Auditing. The purpose of the internal audit is to strengthen the Department's ability to create, protect, and sustain value by providing independent, risk-based, and objective assurance, advisory, insight, and foresight services. The vision of the Internal Audit Function is to enhance and protect departmental value through the provision of risk-based, objective assurance, advice, and insight. Its strategy is aligned with that of the Department.

The Internal Audit Function has an approved audit methodology that guides the execution of audit engagements. It operates in accordance with a formally approved internal audit charter, endorsed by both the Director-General and the Audit and Risk Committee (ARC). Furthermore, the rolling three-year Strategic Internal Audit Plan and the Annual Internal Audit Plan for the 2025/26 financial year were reviewed and approved by the ARC. The Internal Audit Function confirmed its organisational independence on a quarterly basis throughout the 2025/26 financial year, and no impairments to independence were reported.

The Internal Audit Function is fully in-house, with the Director: Internal Audit serving as the designated Chief Audit Executive. The approved structure of the function comprises six funded positions, namely: one Director, one Deputy Director, two Assistant Directors, and two Internal Auditors. As at 31 March 2026, one Assistant Director position was vacant, with the recruitment process underway. Officials within the Internal Audit Function possess the requisite qualifications and competencies to perform internal audit responsibilities effectively. In addition, the function maintains an annual training and development plan, and all officials participated in relevant capacity-building initiatives during the reporting period to ensure that their professional knowledge and skills remain current.

The Internal Audit Function has an established Quality Assurance and Improvement Programme (QAIP) in place. The most recent external quality assessment was conducted in 2022, during which the function achieved a "Generally

Conforms" rating, indicating conformance with the IPPF standards. During the period under review, the Internal Audit Function also completed an internal self-assessment to determine the level of conformance with the Global Internal Audit Standards. Progress regarding the implementation of the QAIP, as well as the overall performance of the Internal Audit Function, is reported to and monitored by the Audit and Risk Committee on a quarterly basis.

The Internal Audit Function maintains constructive working relationships with other assurance providers, including the Risk and Integrity Management Unit and the external auditors. Internal Audit further supports the Department's combined assurance model by providing quarterly reports on assurance activities undertaken as part of the third line of assurance.

During the reporting period, the Internal Audit Function continued to add value to the Department through the provision of assurance and advisory services aimed at strengthening governance, risk management, and internal control processes. To further enhance the value provided to the Department, the Function requires additional resources, including access to specialised audit skills, particularly in the area of Information and Communication Technology (ICT) auditing.

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

The Internal Audit Function completed 14 audits, representing 100% implementation of the approved audit plan for the 2025/26 financial year. These audits included assurance engagements covering various departmental activities, as well as follow-up reviews on the implementation of agreed audit action plans. One programme that had been prioritised for audit during the 2025/26 financial year experienced implementation delays, which rendered it not auditable within the reporting period. Consequently, the audit could not be undertaken during the 2025/26 financial year.

In addition to the planned audits, the Internal Audit Function completed four ad hoc engagements during the reporting period. One ad hoc engagement, which commenced in Quarter 4 of the 2025/26 financial year, was not finalised by year-end and was therefore carried forward into the 2026/27 financial year.

The Internal Audit Function experienced capacity constraints during the 2025/26 financial year due to vacant positions at the Deputy Director and Assistant Director levels, particularly towards the end of the reporting period. Despite these challenges, the Internal Audit Function continued to add value to the Department through the provision of recommendations and advisory inputs aimed at strengthening governance, risk management, and internal control systems, ultimately contributing to improved organisational performance and accountability.

	Number of findings	Total Addressed	In progress	Total Not Addressed	No. of recurring findings Last 3 Financial Years
IAF Findings	70	37	27	6	0
AGSA Findings	9	7	2	0	0

12. AUDIT COMMITTEE

The Audit and Risk Committee (ARC) is established and reports to both the Accounting Officer and the Executive Authority. The mandate of the ARC is to provide independent oversight over the systems of internal control, risk management, governance, and compliance within the Department. The ARC operates in terms of an approved Audit and Risk Committee Charter and conducts its responsibilities in a manner that upholds the public interest. During the period under review, the ARC operated independently in the execution of its oversight responsibilities, and all members declared their interests at each meeting.

The ARC reviewed the organisational positioning of the Internal Audit Function and considered all matters relating to its independence, including the adequacy of safeguards implemented to protect the objectivity and independence of internal auditors. The committee fulfilled its responsibilities in accordance with the requirements of the Public Finance Management Act (PFMA), Treasury Regulations, the Global Internal Audit Standards, and the approved ARC Charter.

The ARC consists of four external members with an appropriate mix of skills, expertise, and experience required to effectively discharge its mandate, taking into account the size and complexity of the Department. During the year under review, the ARC held six meetings, comprising four ordinary meetings and two special meetings. The committee expressed satisfaction with the way its recommendations are considered and implemented by the Department.

The combined assurance process within the Department is coordinated by the Risk and Integrity Management Unit and overseen by the Risk and Ethics Management Committee (REMC). The ARC received quarterly reports from the Chairperson of the REMC and noted the progress made in strengthening and implementing the combined assurance process across the Department. An evaluation of the ARC was conducted in March 2026 to assess the effectiveness and performance of the committee during the reporting period. The evaluation process included participation from ARC members, Executive Management, and representatives from the external auditors.

12.1 Audit Committee Composition and Meeting Attendance

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

Name (Full name and surname, including professional title)	Qualifications	Professional Affiliation (e.g., SAICA, IIA, IOD(SA))	Appointment: Term of Office		No. of meetings attended 2025/26		Has the AC member declared private and business interests in every meeting? (Yes/No)	Is the AC member an employee of an organ of state? (Yes / No)	No. of other ACs that the member served on during the reporting period (whether in the public sector or not)	No. of other governance structures the member served on during the reporting period, e.g. Boards, Risk Committee, IT Committee, etc, whether in this or any other institution(s)
			Start date	End Date	Ordinary meetings	Special Meetings				
Zandile Kabini	BCom, BCom Hons (Informatics), CCIO (SA), CGEIT	IODSA ISC2 ICITP	December 2024	December 2027	4	2	Yes	No	4	4
Oliver Josie	LLM, MBL, LLB, BProc & BA (Pol).	Advocate of the High Courts (1998) & Chartered Director (SA) – IODSA (2017)	December 2024	December 2027	4	2	Yes	No	7	3
Dr Prittish Dala	PHD (IT), M.IT, BSc Computer Science (Hons), B.IT, CD(SA), ISAP(SA), ISMP(SA), CISA, CGEIT, CRISC, CDPSE, CISM, COBIT, CISSP, CEH, CHFI, ACCISO, LA27001	ISACA, ISC2, IODSA, EC-COUNCIL	December 2024	December 2027	4	2	Yes	No	10	8
Thabang Motloi	CA(SA), CTA / BAcc Science (Hons), BAcc.	SAICA	December 2024	December 2027	4	2	Yes	No	3	3
Thulisile Manzini	PGD, BEd, BPaed, DipEd. Master of Management in Entrepreneurship and New Venture Creation.	IPM	July 2023	N/A – Ex Officio member	2	2	Yes	Yes	0	1

12.2 Remuneration of audit committee members

Audit and Risk Committee members appointed from outside the public service are remunerated in accordance with the approved policy on the payment of fees to audit committee members. During the 2025/26 financial year, the chairperson was remunerated at a rate of R2 900 per hour, while other members were remunerated at a rate of R2 420 per hour for preparation and attendance of ARC meetings.

No remuneration was paid to members employed by organs of state.

The total remuneration paid to Audit and Risk Committee members during the 2025/26 financial year amounted to R420 078.

13. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2026, set out in three parts:

Part 1: Audit and Risk Committee reflections for the 2025/26 financial year

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

and a supportive relationship with management, the Internal Audit Function (IAF), the External Auditors and other lines of assurance throughout the reporting period. The committee provides oversight on the Internal Audit function which is led by the Chief Audit Executive and remains the main source of independence assurance for the Audit and Risk Committee. The committee receives regular reports on the independence of the Internal Audit Function (IAF) and confirms that the IAF performed its activities without limitations.

1.2 The Audit and Risk Committee complied with its responsibilities arising from Section 38 (1)(a)(ii) of the PFMA and Treasury Regulation 3.1. The committee adopted appropriate formal terms of reference as its Audit Committee Charter, regulated its affairs in compliance with the charter and discharged responsibilities as contained therein. The ARC is familiar with the Global Internal Audit Standards (GIAS) and has incorporated its requirements in the ARC Charter to ensure that their oversight functions are consistent with the GIAS. Throughout the 2025/26 financial year the Audit and Risk Committee has operated without any hindrance or limitations in executing its oversight functions.

Part 2: Audit Committee Composition and Meeting Attendance

2.1 The ARC consists of four external members, while the Director-General serves as the ex officio member in the committee. The committee is properly constituted, with a balanced representation of independent members with an appropriate mix of qualifications, skills, and experience. The committee convened four ordinary meetings, and two special meetings in the 2025/26 financial year.

2.2 The details of ARC meetings attendance are included below:

Name (Position)	Qualifications	Is the ARC member an employee of an organ of state? (Yes / No)	Number of ordinary meetings attended	Number of special meetings attended
Zandile Kabini (Chairperson)	BCom, BCom Hons (Informatics), CCIO (SA), CGEIT	No	4	2
Oliver Josie (External Member)	LLM, MBL, LLB, BProc & BA(Pol), Advocate, CD(SA).	No	4	2
Prittish Dala (External Member)	PHD (IT), M.IT, BSc Computer Science (Hons), B.IT, CD(SA), ISAP(SA), ISMP(SA), CISA, CGEIT, CRISC, CDPSE, CISM, COBIT, CISSP, CEH, CHFI, ACCISO, LA27001	No	4	2
Thabang Motloi (External Member)	CA(SA), CTA / BAcc Science (Hons), BAcc.	No	4	2
Thulisile Manzini (Ex-officio Member)	PGD, BEd, BPaed, DipEd. Master of Management in Entrepreneurship and New Venture Creation.	Yes	2	2

Part 3: Audit and Risk Committee focus areas

3.1 The effectiveness of internal control

- 3.1.1 The ARC completed its oversight activities over internal controls by reviewing reports from various assurance providers, including the Internal Audit Function, External Auditors, Management in core and support functions, the Risk and Ethics Management Committee (REMC) and the report of the ICT Steering Committee on the governance of ICT and operations. The ARC considered reports presented by these assurance providers and concluded that the system of internal controls is generally sound with few areas for improvement.
- 3.1.2 Key areas of improvement include proper planning and timeous implementation of programmes to ensure efficient monitoring of performance against cash flow projections and improved financial performance. The committee advised that disbursements in respect of financial support programmes should be scheduled earlier in the financial year to enhance in-year monitoring and reduce spending pressures towards the end of the financial year and recommended alignment between operational performance and the spending trends.

3.1.3 The committee noted with appreciation the filling of key vacancies at the executive management level, including the appointment of two Deputy Director-Generals and Chief Directors in core service delivery programmes. The additional capacity will enhance accountability and strengthen leadership in core service delivery programmes while also supporting the implementation of the digitisation programme and improved ICT governance in the Department.

3.1.4 The committee reviewed accounting and auditing concerns identified by both Internal and External Auditors and advised the Director-General and Management on the need to strengthen internal control processes and the development of action plans to address the reported control deficiencies.

3.2 Effectiveness of the Internal Audit Function

- 3.2.1 The ARC completed the following oversight activities on the internal audit function:
- Reviewed the internal audit quarterly reports against the 2025/26 annual coverage plan to monitor progress and effective implementation of the activities of the IAF.

- Convened closed meetings with the Chief Audit Executive to discuss matters not covered in the main ARC meetings.
- Reviewed and approved the 2026/27 Internal Audit Charter.
- Reviewed and approved the 2026/27 Internal Audit Strategy, the risk-based 3-year Internal Audit Plan and the annual coverage plan.
- Reviewed the capacity of the IAF and the measures implemented to support continued professional development.

3.2.2 The Audit and Risk Committee is satisfied that the Internal Audit Function effectively implemented the approved 2025/26 annual internal audit plan without unjustified restrictions or limitations on their work. The committee is satisfied with the effectiveness of the Internal Audit Function and will further monitor key performance areas around technology adoption to achieve efficiencies and the implementation of the action plans from the 2025/26 periodic internal assessment.

3.3 Effectiveness of risk management, combined assurance and compliance with laws and regulations

3.3.1 The Risk and Ethics Management Committee is a key assurance provider to the ARC on the processes of risk management, ethics, combined assurance and compliance management. Through the reports of the REMC, the committee considered the Department's processes for risk management, ethics management, combined assurance, and compliance management. The Audit and Risk Committee is satisfied with the level of effectiveness of the Department's risk management processes and will further monitor the process to ensure that a Business Impact Analysis is conducted and reports are provided on the overall assessment of the implementation of risk mitigation measures.

3.4 Adequacy, reliability, and accuracy of performance information

3.4.1 The Audit and Risk Committee reviewed the Department's performance through the quarterly reports submitted by management and audited by Internal Audit. The committee acknowledged with

appreciation the achievement of 93% of the performance targets for the 2025/26 financial year and commends management for maintaining performance above the set appetite level of 85%.

3.5 The quality of the in-year management and monthly/quarterly reports

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

3.6 Evaluation of the annual financial statements and the external audit

3.6.1 The Audit and Risk Committee has reviewed the unaudited annual financial statements, and through Internal Audit, conducted a technical quality review of the financial statements prior to submission to the AGSA for audit. The ARC engaged with both management and the AGSA following the 2025/26 audit and has noted the adjustments to the audited annual financial statements. The committee noted the unqualified audit opinion with findings on the 2025/26 financial statements and will continue to monitor the implementation of audit action plans to strengthen the internal control processes in the Department.

Conclusion

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



Ms Zandile Kabini

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

Date: 7 September 2026

14. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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





SPAZA SHOP



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PORT
CAL

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ELECTRICITY
PAY POINT

MTN
vodacom

CELLC telkom



**LOW PRICES
EVERY DAY**

**FRESH
PRODUCE
SOLD HERE**



**SUPPORTING
OUR
COMMUNITY**



**COLD
DRINKS**

**GROCERIES
COLD DRINKS
SNACKS
CHIPS
SWEETS
TOILETRIES**

**SPAZA
SHOP**

**CONVENIENCE
AT ITS BEST**



PART D

Human Resource Management



1. INTRODUCTION

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

2. OVERVIEW OF HUMAN RESOURCES

During the reporting period, the Department continued to focus on stabilising its workforce, strengthening leadership capacity and building the skills required to support effective service delivery. Human resource management remained a key enabler of organisational performance, particularly in the context of a changing mandate, high workloads and ongoing organisational change initiatives.

2.1 Status of Human Resources in the Department

At the end of the reporting period, the Department had an approved establishment of 316 posts, of which 269 were filled, resulting in a vacancy rate of 14.9%. Although the vacancy rate remained above the desired norm of 10%, it reflects the Department's continued efforts to stabilise and strengthen its workforce.

The workforce comprised a combination of permanent employees, contract staff and interns who supported both core departmental functions and project-based initiatives. In addition to employees appointed against the approved establishment, the Department was supported by 54 employees additional to the establishment, consisting of 29 interns and 25 contract employees. These employees provided critical support to priority initiatives and operational areas, including the establishment of the Small Enterprise Ombud Service (SEOS), the reintroduction of the Asset Assist Programme, and key corporate functions such as Communication Management and Human Resources Management. This additional capacity enabled the Department to effectively manage high-priority and time-bound projects while the process of filling permanent posts continued.

Senior management capacity was further strengthened during the year through the appointment of key strategic positions, contributing to improved leadership stability and

enhanced decision-making capacity at both top and senior management levels.

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

The Department's human resource priorities during the year focused on organisational stabilisation and strengthening internal capacity. Key priorities included reducing the vacancy rate, particularly in critical and senior management posts. To strengthen leadership and strategic capability, the Department appointed key senior managers, including the Deputy Director-General: Sector Policy and Research; Deputy Director-General: Integrated Co-operatives and Micro Enterprise Development; Chief Director: Economic Transformation Initiatives; and Chief Director: Value Chain Support and Market Access. These appointments were prioritised to enhance leadership stability, strengthen strategic direction and improve service delivery outcomes over time.

The Department experienced several significant organisational changes during the reporting period, which impacted its operational environment. The termination of the services of the Chief of Staff and the Chief Director: Sector Specific Support resulted in short-term disruptions, particularly in areas responsible for executive coordination and programme oversight. Although interim arrangements were implemented to ensure continuity, these changes temporarily affected institutional memory, coordination and workflow integration.

During the financial year, the Department focused on strengthening internal skills and organisational capability through targeted training and development interventions. Key focus areas included leadership, governance, computer literacy, organisational development and compliance. Training interventions covered areas such as Leadership and Policy Development, Monitoring and Evaluation, Negotiation Skills, Project Management, Conflict Management, as well as compulsory training programmes including Prevention of Harassment in the Workplace, Financial Management Delegations and Ethics.

In addition, the Department implemented further training initiatives, including the Compulsory Induction Programme, Excel training and technical courses aimed at improving

information technology and risk management capabilities. Training interventions and bursaries were successfully implemented.

To support employee onboarding and integration, physical DSBD induction training sessions continued throughout the financial year, following their introduction in March 2025. These interventions aimed to strengthen employee engagement and integration within the Department. Through these initiatives, the Department continued to support the government's broader objective of professionalising the public service through ongoing upskilling and capacity development.

Furthermore, the Department initiated a Return on Investment (ROI) assessment of training interventions implemented during the 2025/26 financial year. The outcomes of the assessment are still being consolidated and will be reviewed during the next financial year.

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

A total of 103 employees exited the Department during the reporting period. Overall workforce turnover decreased slightly from 30.8% in 2024/25 to 29.2% in the year under review. The majority of terminations resulted from the expiry of contract appointments, which accounted for 84 exits (81.6%), reflecting the Department's continued reliance on contract-based capacity to support project and programme delivery. This was followed by 17 resignations (16.5%). In addition, two employees exited the Department through the early retirement severance package.

Workforce planning was guided by the Department's recruitment plan, which was aligned to organisational priorities and service delivery requirements. Recruitment efforts focused on filling critical and scarce skills positions, particularly at middle and senior management levels, where vacancies have the greatest impact on organisational performance and service delivery outcomes.

During the reporting period under review, the Department made a total of 71 appointments, comprising 26 permanent appointments to the approved establishment, 16 interns and 29 employees appointed additionally to the establishment. These appointments supported both long-term capacity

building and short-term operational requirements.

The Department continued to utilise internal promotions, where appropriate, to support succession planning, employee development and the retention of institutional knowledge.

Employment equity remained an integral component of workforce planning and transformation initiatives. The Department maintained gender representation at Senior Management Service (SMS) level, with women comprising 50% of senior managers. In addition, the Department exceeded its target for the employment of persons with disabilities by achieving 5% representation against a target of 4%.

During the financial year under review, the Department hosted its inaugural Service Excellence Awards, culminating in a successful event held on 9 October 2025. This initiative has since been institutionalised as an annual programme aimed at recognising and rewarding employee performance and excellence.

Key strategies aimed at attracting and retaining critical skills within the Department include ongoing training and development programmes, as well as bursary opportunities aligned to departmental priorities and capability requirements. In addition, the implementation of the retention policy, the expansion of the Service Excellence Awards to include additional award categories and medals, and the review and implementation of the Rewards and Recognition Policy are intended to further strengthen employee motivation, retention and organisational performance.

2.4 Employee performance management

During the reporting period, the Department made notable progress in strengthening performance management practices, with only 1,9% of cases recorded as non-compliant in relation to the submission of performance agreements. The Department successfully completed all moderation processes and outcome processing for the financial year under review. Although the non-compliance rate increased slightly from 1,4% in the previous financial year, this should be considered within the context of increased employee headcount during the reporting period.

To address and minimise instances of non-compliance, the Department implemented targeted information-sharing and training sessions for branches and Chief Directorates/Directorates. In addition, regular follow-ups were intensified, matters were escalated to principals where necessary, and consequence management measures were enforced more rigorously. These interventions complemented existing performance management processes and procedures. As a result, overall compliance improved, and the Department will continue implementing these measures as part of its ongoing efforts to eliminate non-compliance.

The Department's objective of achieving zero non-compliance is intended to ensure that every employee has a valid and compliant performance agreement aligned to departmental objectives, thereby strengthening organisational performance and accountability.

Going forward, the Department plans to leverage automation and artificial intelligence (AI) technologies to improve the alignment of performance agreements with organisational goals and compliance requirements. These technological solutions are also expected to enhance the administration, implementation and oversight of performance management systems, thereby improving overall efficiency and effectiveness.

2.5 Employee wellness programmes

The appointment of Lyra Health as the Department's counselling and organisational enhancement service provider contributed to increased utilisation of employee wellness services during the reporting period. These services supported the improvement of employees' quality of work life and promoted a workplace environment that encourages holistic wellbeing and organisational wellness within the Department of Small Business Development (DSBD). In addition, employees continued to access psychosocial counselling and support services through the internal Employee Health and Wellness (EHW) Unit.

Workplace interventions, including team cohesion and alignment initiatives, support for interpersonal relationship challenges, and conflict mediation services, were implemented in collaboration with Lyra Wellbeing. These interventions were targeted at branches and units requiring organisational support and contributed towards strengthening workplace relations and team functionality.

Demand for these services continued to increase, with a growing number of requests received from both managers and employees. As a result, the implementation of these support interventions will continue to promote a more conducive, healthy and productive work environment.

Employees were continuously encouraged to report workplace-related concerns, with awareness reinforced through quarterly induction sessions and ongoing promotion of EHW services across online platforms. Reported matters were addressed through structured interventions, ensuring that employees were able to engage in a safe, confidential and impartial environment. Addressing workplace relationship challenges in this manner contributes towards strengthening collegial relationships and fostering a supportive and healthy organisational culture.

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

The Department made significant progress in strengthening labour relations and promoting a stable and constructive working environment during the reporting period. Regular quarterly and ad hoc engagements with organised labour provided a platform for inclusive policy development, ensuring that employee inputs were considered from the outset. This participatory approach enhanced employee buy-in and improved compliance with departmental policies and procedures.

In addition, the Department invested in awareness and preventative initiatives through training sessions on the Code of Conduct, disciplinary procedures and harassment prevention. These interventions contributed to a low incidence of misconduct cases, all of which were resolved within the prescribed timeframes. Only one harassment case was reported during the reporting period, which was amicably resolved. Furthermore, the requirement for newly appointed employees to sign an anti-harassment pledge reinforced a culture of accountability, professionalism and mutual respect within the workplace.

From a human resource management perspective, the Department achieved several notable milestones during the financial year. These included strengthening senior management capacity, reducing overall staff turnover,

advancing employment equity and improving compliance with performance management requirements. The Department also made meaningful progress in achieving its Annual Performance Plan (APP) targets, including a reduction in the vacancy rate, achieving gender parity at the Senior Management Service (SMS) level, and meeting targets for the representation of persons with disabilities.

Additional achievements included the approval of key strategic policies and frameworks, such as the Job Evaluation Policy, Youth Attraction Strategy and Change Management Strategy, as well as the implementation of Workplace Skills Plan interventions. Governance and ethical conduct were further strengthened through regular awareness initiatives and enhanced compliance monitoring mechanisms.

Despite these achievements, the Department continues to face several challenges that affect operational effectiveness. Although the vacancy rate declined during the reporting period, it remains above the desired level. High staff turnover, particularly linked to contract-based employment, continues to affect organisational stability and continuity. The Department also experiences challenges in attracting and retaining scarce and critical skills, which places additional pressure on existing employees and impacts service delivery timelines.

Operational constraints further affected implementation during the reporting period. These included delays in Supply Chain Management processes arising from resource limitations and restricted access to the LOGIS system, as well as slow turnaround times from service providers. In addition, scheduling conflicts affected the rollout of planned training initiatives, contributing to delays in the achievement of certain targets.

Looking ahead, the Department has identified several strategic human resource priorities aimed at addressing existing challenges and building on current progress. Key focus areas include further reducing the vacancy rate, particularly in critical posts, and strengthening recruitment and retention strategies through the implementation of the approved Retention Policy. Workforce planning will also be enhanced through the implementation of the organisational structure review to ensure improved alignment between functions, organisational capacity and the Department's mandate.

The Department further intends to prioritise skills development in digital, ICT and data-related disciplines to support its digital transformation agenda. Leadership development initiatives and succession planning for critical positions will also be strengthened. In addition, efforts will continue to promote employee wellness, employment equity and disability inclusion, while reinforcing compliance with human resource policies and improving procurement efficiency and overall governance systems.

3 HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 Personnel-related expenditure

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

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

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2025 and 31 March 2026

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure ¹ (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
ADMINISTRATION	188 380	108 078	2 858	998	57,4%	751
SECTOR POLICY & RESEARCH	53 388	37 019	0	5 220	69,3%	788
INTERG CO-OP & MICRO ENT DEV	444 448	43 229	0	0	9,7%	848
ENTER DEV,INNOV ENTRPRNSHIP	1 929 726	59 796	0	14	2,8%	729
Total	2 615 942	248 122	2 858	6 232	8,8%	766

Table 3.1.2 Personnel costs by salary band for the period 1 April 2025 and 31 March 2026

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)	192	0,1%	1	192
Skilled (level 3-5)	6 569	2,6%	22	298
Highly skilled production (levels 6-8)	61 298	24,7%	113	542
Highly skilled supervision (levels 9-12)	100 900	40,7%	117	862
Senior and Top management (levels 13-16)	76 286	30,7%	49	1 557
Interns	2 877	1,2%	22	131
Total	248 122	100%	324	766

¹Training is centralised within Administration and includes Bursaries.

Table 3.1.3 Salaries, Overtime, Homeowners Allowance and Medical Aid by programme for the period 1 April 2025 and 31 March 2026

Programme	² Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
ADMINISTRATION	72 342	66.9%	3 094	2.9%	1 624	1.5%	3 107	2.9%
SECTOR POLICY & RESEARCH	26 372	71.2%	0	0.0%	772	2.1%	740	2.0%
INTERG CO-OP & MICRO ENT DEV	29 600	68.5%	1 741	4.0%	769	1.8%	1 380	3.2%
ENTER DEV, INNOV ENTRPRNSHIP	42 789	71.6%	34	0.1%	864	1.4%	1 181	2.0%
Total	171 103	69.0%%	4 869	2.0%	4 029	1.6%	6 408	2.6%

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2025 and 31 March 2026

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)	138	72,3%	0	0,0%	23	12,2%	0	0,0%
Skilled (level 3-5)	4 513	68,7%	210	3,2%	193	2,9%	282	4,3%
Highly skilled production (levels 6-8)	42 514	69,4%	3 808	6,2%	1 778	2,9%	3 164	5,2%
Highly skilled supervision (levels 9-12)	72 032	71,4%	826	0,8%	1 879	1,9%	2 326	2,3%
Senior management (level 13-16)	49 052	64,3%	0	0,0%	156	0,2%	636	0,8%
Interns	2 854	99,2%	23	0,8%	0	0,0%	0	0,0%
Total	171 103	69,0%%	4 869	2,0%	4 029	1,6%	6 408	2,6%

²Only basic salary is reported under this category.

3.2 Employment and Vacancies

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

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

This information is presented in terms of three key variables:

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

Departments have identified critical occupations that require monitoring. 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 2026

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
ADMINISTRATION	139	126	9.4%	17
SECTOR POLICY & RESEARCH	54	42	22.2%	6
INTERG CO-OP & MICRO ENT DEV	60	47	21.7%	13
ENTER DEV, INNOV ENTRPRNSHIP	63	54	14.3%	18
Total	316	269	14.9%	54

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2026

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	3	1	66.7%	0
Skilled (3-5)	17	16	5.9%	11
Highly skilled production (6-8)	103	93	9.7%	9
Highly skilled supervision (9-12)	142	117	17.6%	1
Senior management (13-16)	51	42	17.6%	4
Interns	0	0	0.0%	29
Total	316	269	14.9%	54

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2026

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration Clerks	19	16	15.8%	1
Administration Officer	4	4	0.0%	3
Administrative And Governance Policy Manager	6	4	33.3%	1
Architect	1	1	0.0%	0
Business Development Officer	74	58	21.6%	5
Call Or Contact Centre Clerk	2	2	0.0%	0
Career Development Practitioner	4	4	0.0%	0
Caretaker/ Cleaner	4	4	0.0%	0
Chief Financial Officer	1	1	0.0%	0
Chief Information Officer	1	0	100%	0
Clerical Supplement. Workers Not Elsewhere Classified	0	0	0.0%	10
Communication And Marketing Manager	1	1	0.0%	0
Communication Coordinator	4	3	25.0%	2
Econo. Growth & Promotion & Global Relations Manager	29	23	20.7%	0
Economic Analyst	2	0	100%	0
Economist	2	0	100%	0
Employee Wellness Practitioner	1	1	0.0%	0
Ethics Officer	1	1	0.0%	0
Facilities Manager	1	1	0.0%	0
Filing And Registry Clerk	2	2	0.0%	0
Finance Clerk	5	5	0.0%	1
Finance Manager	2	2	0.0%	0
Financial Accountant	2	2	0.0%	0
Food Trade Assistant	3	1	66.7%	0
General Accountant	2	2	0.0%	1
Graphic Designer	1	1	0.0%	0
Heads of National Department	1	1	0.0%	0
Human Resource Clerk	2	2	0.0%	1
Human Resource Manager	1	1	0.0%	0
Human Resource Practitioner	6	6	0.0%	3
Internal Audit Manager	1	1	0.0%	0
Internal Auditor	4	3	25.0%	0
Legal Administration Officer	2	1	50.0%	0

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Legal Related Manager	1	1	0.0%	0
Light Vehicle Driver	2	2	0.0%	0
Linguist	1	1	0.0%	0
Messengers, Porters and Deliverers	1	1	0.0%	0
Middle Manager: Human Resource & Organisational Development Relations	8	8	0.0%	0
Middle Manager: Administrative Related	10	10	0.0%	0
Middle Manager: Finance And Economics Related	13	11	15.4%	0
Middle Manager: Information Technology Related	2	1	50.0%	0
Middle Manager: Internal Audit Related	1	1	0.0%	0
Middle Manager: Legal Related	1	1	0.0%	0
Middle Manager: Trade And Industry Related	38	35	7.9%	0
Middle Manager: Communication & Information Related	2	2	0.0%	0
Occupational/Job Analyst	1	1	0.0%	0
Organisational Development Practitioner	1	1	0.0%	0
Other Clerical Support Workers	1	1	0.0%	0
Other Middle Manager	3	3	0.0%	0
Other Occupations	1	1	0.0%	0
Personal Assistant	7	6	14.3%	0
Policy Analyst	1	1	100%	0
Professionals Not Elsewhere Classified	13	10	23.1%	16
Programme Or Project Manager	0	0	0	3
Quantity Surveyor	1	1	0.0%	0
Receptionist (General)	2	2	0.0%	0
Risk And Integrity Manager	1	1	0.0%	0
Risk Officer	1	1	0.0%	0
Strategy/Monitoring & Evaluation Manager	2	2	0.0%	0
Supply Chain Clerk	2	2	0.0%	0
Supply Chain Manager	1	1	0.0%	0
Supply Chain Practitioner	3	3	0.0%	0
Systems Administrator	3	3	0.0%	0
Technical and Associate Technical Occupations Not Classified	0	0	0	7
Web Administrator	1	1	0.0%	0
Total	316	269	14.9%	54

Notes

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

3.3 Filling of SMS Posts

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

Table 3.3.1 SMS post information as on 31 March 2026

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100%	0	0.0%
Salary Level 16	1	1	100%	0	0.0%
Salary Level 15	3	3	100%	0	0.0%
Salary Level 14	11	8	72.7%	3	27.3%
Salary Level 13	35	29	82.9%	6	17.1%
Total	51	42	82.4%	9	17.6%

Table 3.3.2 SMS post information as on 30 September 2025

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100%	0	0.0%
Salary Level 16	1	1	100%	0	0.0%
Salary Level 15	3	3	100%	0	0.0%
Salary Level 14	11	6	54.5%	5	45.5%
Salary Level 13	35	31	88.6%	4	11.4%
Total	51	42	82.4%	9	17.6%

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2025 and 31 March 2026

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

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 2025 and 31 March 2026

Reasons for vacancies not advertised within six months
The post of DDG: Integrated Co-operatives and Micro Enterprise Development was advertised and filled within
Six months after it became vacant. CD: Economic Transformation Initiatives was advertised within six months
After becoming vacant but filled after twelve months.
The Department prioritised filling top management positions, beginning with the appointment of DDGs, to enable
the subsequent recruitment of Senior Management Service (SMS) roles. These include Director: Business
Infrastructure and Director: Business Intelligence, Economic Analysis and Econometrics within the respective
Branches.

Reasons for vacancies not filled within twelve months
The Department prioritised filling top management positions, beginning with the appointment of DDGs, to enable
the subsequent recruitment of Senior Management Service (SMS) roles. These include Director: Business
Infrastructure and Director: Business Intelligence, Economic Analysis and Econometrics within the respective
Branches.
A suitable candidate could not be found for the post of Director: Government Information and Communication
Technology Management.

Notes

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

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2025 and 31 March 2026

Reasons for vacancies not advertised within six months
Not applicable
Reasons for vacancies not filled within six months
Not applicable

3.4. Job Evaluation

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

Table 3.4.1 Job Evaluation by Salary Band for the period 1 April 2025 and 31 March 2026

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	3	0	0	0	0	0	0
Skilled (Levels 3-5)	17	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	103	24	23.3%	0	0	0	0
Highly skilled supervision (Levels 9-12)	142	36	25.4%	0	0	0	0
Senior Management Service Band A	35	1	2.9%	0	0	0	0
Senior Management Service Band B	11	3	27.3%	0	0	0	0
Senior Management Service Band C	3	2	66.7%	0	0	0	0
Senior Management Service Band D	2	0	0.0%	0	0	0	0
Total	316	66	20.9%	0	0	0	0

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

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2025 and 31 March 2026

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

Employees with a disability	0
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The following table summarises the number of cases in which 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 2025 and 31 March 2026

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Middle Manager: Communication & Information Related	1	11	12	Promotion in 2015
Middle Manager: Trade & Industry Related	4	11	12	1 Transfer from dtic 3 Grade progressions
Middle Manager: Finance & Economics Related	3	11	12	1 Transfer from dtic 2 Grade progressions
Middle Manager: Administrative Related	1	11	12	Promotion in 2015
Middle Manager: Human Resource & Organisational Development Relations	1	11	12	Grade progression
Communication Coordinator	1	9	10	Promotion in 2014
Business Development Officer	1	9	10	Transfer from dtic
Personal Assistant	3	7	8	2 Transfers from dtic 1 Grade progression
Systems Administrator	1	7	8	Grade progression
Other Clerical Support Workers	1	7	8	Transfer from dtic
Administration Clerks	2	6	7	1 Transfer from dtic 1 Grade progression
Call Or Contact Centre Clerk	2	6	7	Promotions in 2015
Light Vehicle Driver	1	5	6	Grade Progression
Total number of employees whose salaries exceeded the level determined by job evaluation				22
Percentage of total employed				6.8%

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 2025 and 31 March 2026

Gender	African	Asian	Coloured	White	Total
Female	13	0	1	2	16
Male	6	0	0	0	6
Total	19	0	1	2	22

Employees with a disability	1	0	0	0	1
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Notes

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

Total number of employees whose salaries exceeded the grades determine by job evaluation	None
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3.5 Employment Changes

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

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2025 and 31 March 2026

Salary band	Number of employees at beginning of period – 1 April 2025	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	1	0	0	0.0%
Skilled (Levels 3-5)	15	3	1	6.7%
Highly skilled production (Levels 6-8)	86	13	3	3.5%
Highly skilled supervision (Levels 9-12)	108	9	5	4.6%
Senior Management Service Bands A	31	0	1	3.2%
Senior Management Service Bands B	9	0	2	22.2%
Senior Management Service Bands C	2	1	0	0.0%
Senior Management Service Bands D	2	0	0	0.0%
Contracts	77	29	81	105.2%
Interns	22	16	10	45.5%
Total	353	71	103	29.2%

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2025 and 31 March 2026

Critical occupation	Number of employees at beginning of period – April 2025	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administration Clerks	15	3	1	6.7%
Administration Officer	5	3	1	20.0%
Administrative and Governance Policy Manager	6	0	1	16.7%
Architect	1	0	0	0.0%
Business Development Officer	109	18	64	58.7%
Call Or Contact Centre Clerk	2	0	0	0.0%
Career Development Practitioner	4	0	0	0.0%
Caretaker/Cleaner	4	0	0	0.0%
Chief Financial Officer	1	0	0	0.0%
Clerical Supplement Workers Not Elsewhere Classified	0	10	0	0.0%
Communication And Marketing Manager	1	0	0	0.0%
Communication Coordinator	4	1	0	0.0%
Economic Growth & Promotion & Global Relations Manager	23	1	2	8.7%
Economic Analyst	0	0	0	0.0%
Economist	0	0	0	0.0%
Employee Wellness Practitioner	1	0	0	0.0%
Ethics Officer	1	0	0	0.0%
Facilities Manager	1	0	0	0.0%
Filing and Registry Clerk	1	1	0	0.0%
Finance Clerk	5	1	0	0.0%
Finance Manager	2	0	0	0.0%
Financial Accountant	2	0	0	0.0%
Food Trade Assistant	1	-	0	0.0%
General Accountant	2	1	0	0.0%
Graphic Designer	1	0	0	0.0%
Heads Of National Department	1	0	0	0.0%
Human Resource Clerk	4	1	2	50.0%
Human Resource Manager	1	0	0	0.0%
Human Resource Practitioner	8	3	2	25.0%
Information Services Manager	1	0	0	0.0%
Internal Auditor Permanent	4	0	1	25.0%
Legal Administration Officer Permanent	1	0	0	0.0%
Legal Related Manager	1	0	0	0.0%

Critical occupation	Number of employees at beginning of period – April 2025	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Light Vehicle Driver Permanent	1	1	0	0.0%
Linguist	1	0	0	0.0%
Messengers, Porters and Deliverers Permanent	1	0	0	0.0%
Middle Manager: Human Resource & Organisational Development Relation Permanent	8	0	0	0.0%
Middle Manager: Administrative Related Permanent	8	2	0	0.0%
Middle Manager: Finance And Economics Related Permanent	11	0	0	0.0%
Middle Manager: Information Technology Related Permanent	1	0	0	0.0%
Middle Manager: Internal Audit Related Permanent	0	1	0	0.0%
Middle Manager: Legal Related Permanent	1	0	0	0.0%
Middle Manager: Trade And Industry Related Permanent	33	4	2	6.1%
Middle Manager: Communication & Information Related Permanent	2	0	0	0.0%
Occupational/Job Analyst Permanent	1	1	1	100%
Organisational Development Practitioner Permanent	2	0	1	50.0%
Other Clerical Support Workers	1	0	0	0.0%
Other Middle Manager	3	0	0	0.0%
Other Occupations	1	0	0	0.0%
Personal Assistant	7	0	1	14.3%
Policy Analyst	1	0	0	0.0%
Professionals Not Elsewhere Classified	28	6	8	28.6%
Programme Or Project Manager	1	4	2	200%
Quantity Surveyor	1	0	0	0.0%
Receptionist (General)	2	0	0	0.0%
Risk And Integrity Manager	1	0	0	0.0%
Risk Officer	2	0	1	50.0%
Security Officer	12	0	12	100%
Strategy/Monitoring & Evaluation Manager	1	0	0	0.0%
Supply Chain Clerk	2	1	1	50.0%
Supply Chain Manager	1	0	0	0.0%
Supply Chain Practitioner	3	0	0	0.0%
Systems Administrator	2	1	0	0.0%
Technic & Associate Technical Occupations Not Classified	0	7	0	0.0%
Web Administrator	1	0	0	0.0%
Total	353	71	103	29.2%

Notes

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

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

Table 3.5.3 Reasons why staff left the department for the period 1 April 2025 and 31 March 2026

Termination Type	Number	% of Total Resignations
Death	0	0
Resignation	17	16.5%
Expiry of contract	84	81.6%
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	2	1.9%
Transfer to other Public Service Departments		
Other		
Total	103	100%
Total number of employees who left as a % of total employment		31.9%

Table 3.5.4 Promotions by critical occupation for the period 1 April 2025 and 31 March 2026³

Occupation	Employees 1 April 2025	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
Administration Clerks	14	0	0.0%	10	71.4%
Administration Officer	4	0	0.0%	2	50.0%
Administrative And Governance Policy Manager	5	0	0.0%	3	60.0%
Architect	1	0	0.0%	0	0.0%
Business Development Officer	44	5	11.4%	29	65.9%
Call Or Contact Centre Clerk	2	0	0.0%	2	100.0%
Career Development Practitioner	4	0	0.0%	3	75.0%
Caretaker/Cleaner	4	0	0.0%	0	0.0%
Chief Financial Officer	1	0	0.0%	0	0.0%
Communication And Marketing Manager	1	0	0.0%	0	0.0%
Communication Coordinator	3	0	0.0%	1	33.3%
Economic Growth & Promotion & Global Relations Manager	21	3	14.3%	12	57.1%
Economic Analyst	0	0	0.0%	0	0.0%
Economist	0	0	0.0%	0	0.0%
Employee Wellness Practitioner	1	0	0.0%	1	100.0%
Ethics Officer	1	0	0.0%	1	100.0%
Facilities Manager	1	0	0.0%	1	100.0%
Filing and Registry Clerk	1	0	0.0%	1	100.0%
Finance Clerk	5	0	0.0%	3	600%
Finance Manager	2	0	0.0%	2	100.0%
Financial Accountant	2	0	0.0%	1	50.0%
Food Trade Assistant	1	0	0.0%	0	0.0%
General Accountant	2	0	0.0%	1	50.0%
Graphic Designer	1	0	0.0%	0	0.0%
Heads Of National Department	1	0	0.0%	0	0.0%
Human Resource Clerk	2	0	0.0%	2	100.0%
Human Resource Manager	1	0	0.0%	1	100.0%
Human Resource Practitioner	5	0	0.0%	4	80.0%
Information Services Manager	0	0	0.0%	0	0.0%
Internal Auditor	3	0	0.0%	3	100.0%
Internal Audit Manager	1	0	0.0%	1	100.0%
Legal Administration Officer Permanent	1	0	0.0%	1	100.0%

³Promotions only cover employees on the permanent establishment

Occupation	Employees 1 April 2025	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
Legal Related Manager	1	0	0.0%	1	100.0%
Light Vehicle Driver Permanent	1	0	0.0%	1	100.0%
Linguist	1	0	0.0%	0	0.0%
Messengers Porters And Deliverers Permanent	1	0	0.0%	0	0.0%
Middle Manager: Human Resource & Organisational Development Relations Permanent	8	0	0.0%	6	75.0%
Middle Manager: Administrative Related Permanent	7	0	0.0%	4	57.1%
Middle Manager: Finance And Economics Related Permanent	11	0	0.0%	4	36.4%
Middle Manager: Information Technology Related Permanent	1	0	0.0%	1	100.0%
Middle Manager: Internal Audit Related	-	0	0.0%	0	0.0%
Middle Manager: Legal Related	1	0	0.0%	0	0.0%
Middle Manager: Trade And Industry Related Permanent	29	1	3.4%	6	20.7%
Middle Manager: Communication & Information Related Permanent	2	0	0.0%	0	0.0%
Occupational/ Job Analyst Permanent	1	0	0.0%	0	0.0%
Organisational Development Practitioner	1	1	100.0%	1	100.0%
Other Clerical Support Workers	1	0	0.0%	1	100.0%
Other Middle Manager	3	0	0.0%	1	33.3%
Other Occupations	1	0	0.0%	0	0.0%
Personal Assistant	7	0	0.0%	2	28.6%
Policy Analyst	0	0	0.0%	0	0.0%
Professionals Not Elsewhere Classified	26	0	0.0%	2	7.7%
Quantity Surveyor	1	0	0.0%	0	0.0%
Receptionist (General)	2	0	0.0%	0	0.0%
Risk And Integrity Manager	1	0	0.0%	1	100.0%
Risk Officer	2	0	0.0%	1	50.0%
Strategy/Monitoring &Evaluation Manager	1	0	0.0%	1	100.0%
Supply Chain Clerk	2	0	0.0%	1	50.0%
Supply Chain Manager	1	0	0.0%	0	0.0%
Supply Chain Practitioner	3	0	0.0%	2	66.7%
Systems Administrator	2	0	0.0%	1	50.0%
Web Administrator	1	0	0.0%	0	0.0%
Total	254	10	3.9%	122	48.0%

Table 3.5.5 Promotions by salary band for the period 1 April 2025 to 31 March 2026

Salary Band	Employees 1 April 2025	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)	1	0	0	0	0.0%
Skilled (Levels 3-5)	15	0	0	6	40.0%
Highly skilled production (Levels 6-8)	86	1	1.2%	44	51.2%
Highly skilled supervision (Levels 9-12)	108	6	5.6%	49	45.4%
Senior Management (Level 13-16)	44	3	6.8%	23	52.3%
Total	254	10	3.9%	122	48.0%

3.6 Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2026

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Managers	37	2	2	0	55	2	0	2	100
Other	2	0	0	0	0	0	0	0	2
Professionals	54	1	0	1	85	0	0	0	141
Technicians and associate professionals	9	0	0	0	12	0	0	0	21
Clerical Support Workers	15	0	1	0	33	1	0	1	51
Plant and machine operators and assemblers	2	0	0	0	0	0	0	0	2
Elementary occupations	1	0	0	0	5	0	0	0	6
Total	120	3	3	1	190	3	0	3	323
Employees with disabilities	7	0	0	1	8	0	0	0	16

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2026

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	0	0	0	3	0	0	0	5
Senior Management	18	1	2	0	18	1	0	1	41
Professionally qualified and experienced specialists and mid-management	41	2	0	1	72	1	0	1	118
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	39	0	0	0	61	1	0	1	102
Semi-skilled and discretionary decision making	11	0	1	0	15	0	0	0	27
Unskilled and defined decision making	0	0	0	0	1	0	0	0	1
Interns	9	0	0	0	20	0	0	0	29
Total	120	3	3	1	190	3	0	3	323

Table 3.6.3 Recruitment for the period 1 April 2025 to 31 March 2026

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	3	0	0	0	1	0	0	0	4
Professionally qualified and experienced specialists and mid-management	2	0	0	0	9	0	0	0	11
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	15	0	0	0	10	0	0	0	25
Semi-skilled and discretionary decision making	6	0	0	0	8	0	0	0	14
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Interns	5	0	0	0	11	0	0	0	16
Total	32	0	0	0	39	0	0	0	71
Employees with disabilities	2	0	0	0	4	0	0	0	6

Table 3.6.4 Promotions for the period 1 April 2025 to 31 March 2026

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	1	0	0	0	1
Senior Management	10	1	1	0	12	1	0	0	25
Professionally qualified and experienced specialists and mid-management	18	2	0	0	33	1	0	1	55
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	13	0	0	0	31	1	0	0	45
Semi-skilled and discretionary decision making	3	0	1	0	2	0	0	0	6
Unskilled and defined decision making	0		0	0	0	0	0	0	0
Interns	4	0	0	0	13	0	0	0	17
Total	48	3	2	0	92	3	0	1	149
Employees with disabilities	4	0	0	0	5	0	0	0	9

Table 3.6.5 Terminations for the period 1 April 2025 to 31 March 2026

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	3	0	0	0	1	0	0	1	5
Professionally qualified and experienced specialists and mid-management	4	0	0	0	11	0	0	0	15
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	31	1	0	0	26	0	0	0	58
Semi-skilled and discretionary decision making	11	0	0	0	4	0	0	0	15
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Interns	1	0	0	0	9	0	0	0	10
Total	50	1	0	0	51	0	0	1	103
Employees with Disabilities	0	0	0	0	3	0	0	0	3

Table 3.6.6 Disciplinary action for the period 1 April 2025 to 31 March 2026

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Irregular Expenditure	0	0	0	0	3	0	0	0	3
Insubordination	0	0	0	0	1	0	0	0	1
Non-compliance (PMDS)	1	0	0	0	0	0	0	0	1
Gross negligence	0	0	0	0	1	0	0	0	1
Total	1	0	0	0	5	0	0	0	6

Table 3.6.7 Skills development for the period 1 April 2025 to 31 March 2026

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	14	0	0	0	28	0	0	1	43
Professionals	28	0	0	1	41	0	0	0	70
Technicians and associate professionals	3	0	0	0	3	0	0	0	6
Clerks	5	0	0	0	12	0	0	1	18
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	50	0	0	1	84	0	0	1	136
Employees with disabilities	6	0	0	0	4	0	0	0	10

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 2025 (31 March 2026)

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	1	1	100%
Salary Level 16	0	0	0	0
Salary Level 15	3	3	2	66.7%
Salary Level 14	12	9	7	77.8
Salary Level 13	38	35	33	94%
Total	54	48	43	89.5%

Notes

- In the event of a National or Provincial election occurring within the first three months of a financial year all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place. For example, if elections took place in April, the reporting date in the heading of the table above should change to 31 July 2026.

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2026

Reasons
X2 cases of no submission at salary level 13 and were reported to ER unit for consequence management.
X1 case of no submission at salary level 15 and was reported to ER for consequence management
X2 cases of promotion on 01 March 2026 at salary level 14

Notes

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

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2026

Reasons
Recommendations were provided to managers by Employment Relations to issue warnings, but they were not implemented

Notes

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

3.8 Performance Rewards

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

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2025 to 31 March 2026

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

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2025 to 31 March 2026

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

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2025 to 31 March 2026

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

Notes

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

Table 3.8.4 Performance-related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2025 to 31 March 2026

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

3.9 Foreign Workers

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

Table 3.9.1 Foreign workers by salary band for the period 1 April 2025 and 31 March 2026

Salary band	01 April 2025		31 March 2026		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	0	0	0	0	0	0
Highly skilled supervision (Lev. 9-12)	0	0	0	0	0	0
Contract (level 9-12)	0	0	0	0	0	0
Contract (level 13-16)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2025 and 31 March 2026

Major occupation	01 April 2025		31 March 2026		Change	
	Number	% of total	Number	% of total	Number	% Change
N/A	0	0	0	0	0	0
N/A	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 2025 to 31 December 2025

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)	24	75%	7	4.6%	7	29
Highly skilled production (levels 6-8)	359	82.7%	58	38.1%	8	680
Highly skilled supervision (levels 9 -12)	523	92.4%	60	39.5%	9	673
Top and Senior management (levels 13-16)	207	94.2%	22	14.5%	13	1168
Contract Other (Interns)	32	75%	5	3.3%	6	16
Total	1145	88.8%	152	100%	8	3634

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2025 to 31 December 2025

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	130	100%	1	1.2%	1	349
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	130	100%	1	3.25	1	349

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

Table 3.10.3 Annual Leave for the period 1 January 2025 to 31 December 2025

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	3	3	1
Skilled Levels 3-5)	221	21	11
Highly skilled production (Levels 6-8)	1989	25	80
Highly skilled supervision (Levels 9-12)	2489	29	86
Senior management (Levels 13-16)	1077	32	34
Contract Other (Interns)	308	10	31
Total	6087	120	51

Table 3.10.4 Capped leave for the period 1 January 2025 to 31 December 2025

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 2026
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
Total	0	0	0	0

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

Table 3.10.5 Leave payouts for the period 1 April 2025 and 31 March 2026

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2024/25 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2025/26	0	0	0
Current leave payout on termination of service for 2025/26	0	0	0
Total	0	0	0

3.11 HIV/AIDS & Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
1. First aiders/health & safety reps and security if involved in handling accidents, injuries where blood is present.	1. Risk is manageable by wearing gloves while providing first aid treatment where there is bodily fluids or blood
2. Employees who engage in unprotected sex	2. Distribution of condoms in the bathroom areas)

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

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	√		Mr Alfred Tau - Director: Organisational Development and Human Resources Management
2. Does the department have a dedicated unit, or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	√		1) The Sub-directorate: EHW is dedicated to the Health and Wellness of Employees. 2) The unit comprises two (2) employees and is supported by an EHW Service Provider (Lyra SA), contract started from February 2025 to January 2028, rendering Psycho-Social Counselling. 3) The estimated budget for the EHW programme is R991,000.00.
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	√		1) A Health Programme has been implemented, focusing on the implementation of the National Health Calendar. 2) Additional awareness/intervention programmes are implemented based on identified themes from services requested by employees, as well as themes based on the psycho-social (counselling) programme. 3) General Health Screening, including HIV/AIDS (HCT) programme, was conducted during the reporting period.
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.	√		The Department has an active Health & Wellness Committee, categorised as follows: First Aiders • Itumeleng Lenkoe • Emerencia Fenyane • Portia Malatji • Sinamile Cele Fire Fighters/ Fire Marshals • Sinamile Cele • Jacob Elane • Nompembelelo Tetyana • Mmapula Monyepao • Lebogang Papale Evacuation Officers • Shirley Maabela (Employee Health and Wellness Programme Manager) • Nompumelelo Radebe (Facilities and Auxiliary Services) • Rejoyce Maudu (OHS /Wellness Practitioner) • Mmapula Monyepao (Facilities Management) • Kweni Makibela (Security Management Manager) • Hansraj Kiddingh (Facilities and Security Management)

Question	Yes	No	Details, if yes
			Health and Safety Representatives - Tsietsi Thinane - Gugu Sithole - Nyameka Mtirara Wellness Buddies / Peer Educators - Mandla Sithole - Tsietsi Thinane - Sharon Phundulu Labour Representatives - Ramadimetja Lekganyane - Sylvia Mabusela Employee Relations Representatives - Thapelo Malete Additional Member - Phetheho Podile
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	√		The Department has an approved HIV/AIDS and TB Management Policy in place to ensure employment policies/practices do not unfairly discriminate against employees based on their HIV status.
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	√		Acts of discrimination are mitigated through conducting quarterly awareness and dialogue/information sessions on the effects of stigmatisation and discrimination. People Living With HIV/AIDS (PLHIV) are also invited to share practical effects and how they are overcome. Furthermore, PLHIV are made aware of their rights through available policies (advocacy and awareness). Employees are often encouraged not to label, stigmatise, or discriminate against PLHIV.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	√		Yes, the quarterly workplace HIV/AIDS (HIV Counselling & Testing - HCT) Screening programme was conducted. One employee, accounting for 0.3% of the workforce, disclosed their positive HIV status. No new positive tests were reported for the 2025/2026 financial year.
8. Has the department developed measures /indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/ indicators.	√		Yes, the department and the appointed Health and Wellness and Organisational Enhancement Service Provider developed and administers an evaluation template/form following presentations/workshops to determine the impact of its health promotion programme.

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2025 and 31 March 2026

Total number of Collective agreements	None
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Notes

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

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

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2025 and 31 March 2026

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	6	100%
Verbal warning	0	0
Written warning	0	0
Final written warning	0	0
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	0	0
Case withdrawn	0	0
Total	6	100%

Notes

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

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

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2025 and 31 March 2026

Type of misconduct	Number	% of total
Irregular expenditure	3	50%
Insubordination	1	16.7%
Non-compliance (PMDS)	1	16.7%
Gross negligence	1	16.6%
Total	6	100%

Table 3.12.4 Grievances logged for the period 1 April 2025 and 31 March 2026

Grievances	Number	% of Total
Number of grievances resolved	4	100%
Number of grievances not resolved	0	0
Total number of grievances lodged	4	100%

Table 3.12.5 Disputes logged with Councils for the period 1 April 2025 and 31 March 2026

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

Table 3.12.6 Strike actions for the period 1 April 2025 and 31 March 2026

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

Table 3.12.7 Precautionary suspensions for the period 1 April 2025 and 31 March 2026

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

3.13 Skills development

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

Table 3.13.1 Training needs identified for the period 1 April 2025 and 31 March 2026

Occupational category	Gender	Number of employees as at 1 April 2025	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	59	0	22	0	22
	Male	41	0	14	0	14
Professionals	Female	84	0	25	0	25
	Male	56	0	13	0	13
Technicians and associate professionals	Female	12	0	3	0	3
	Male	9	0	4	0	4
Clerks	Female	35	0	0	0	0
	Male	16	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	0	0	0	0	0
	Male	1	0	0	0	0
Subtotal	Female	190	0	51	0	51
	Male	125	0	30	0	30
Total		315	0	81	0	81

Table 3.13.2 Training provided for the period 1 April 2025 and 31 March 2026

Occupational category	Gender	Number of employees as at 1 April 2025	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	59	0	29	0	29
	Male	41	0	14	0	14
Professionals	Female	84	0	41	0	41
	Male	59	0	29	0	29
Technicians and associate professionals	Female	12	0	3	0	3
	Male	9	0	3	0	3
Clerks	Female	5	0	13	0	13
	Male	16	0	5	0	5
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	0	0	0	0	0
	Male	1	0	0	0	0
Subtotal	Female	190	0	86	0	86
	Male	125	0	51	0	51
Total		315	0	137	0	137

3.14 Injury on duty

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2025 and 31 March 2026

Nature of injury on duty	Number	% of total
Required basic medical attention only	2 new cases reported and required medical attention only. The cases are registered internally and in the process of registering with the DEL Compensation Commissioner (attainment of case numbers and further handling).	100%
Temporary Total Disablement		
Permanent Disablement		
Fatal		
Total	2	100%

3.15 Utilisation of Consultants

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

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

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2025 and 31 March 2026

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Recruitment: conducting personnel suitability checks	1	30	R 57 358.00
Audit Committee Fee	4	30	R 420 078.18
Contractors' Casual Labourers	1	30	R 235 549.33
Business advisory services: consulting Human Resources	1	30	R 22 887.73
Business advisory services: consulting Human Resources	1	30	R 47 237.87
Contracts: stage sound crew	1	30	R 20 000.00
Contracts: stage sound crew	1	30	R 32 500.00
Contracts: stage sound crew	1	30	R 53 000.00
Contracts: stage sound crew	1	30	R 45 000.00
Contracts: stage sound crew	1	30	R 83 400.00

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Contracts: stage sound crew	1	30	R 33 235.00
Business advisory services: consulting Human Resources	1	30	R 44 131.25
Employee and Organisation Enhancement counselling services	1	30	R 270 642.19
Business advisory consulting services: translator and transcript services	2	30	R 30 000.00
Business advisory consulting services: translator and transcript services	2	30	R 20 000.00
Contractor's Audio-Visual services for the G20 Event in July 2026	1	30	R 4 204 286.42
Contractors: Artists and Performers	1	30	R 252 221.35
Contracts: event promoters	1	30	R 989 977.50
Contracts: event promoters	1	30	R 999 235.00
Contracts: event promoters	1	30	R 2 737 050.34
Contracts: event promoters	1	30	R 457 440.33
Contractors: Security Services	2	30	R 392 845.00
Legal Services Advice/State Attorney	2	30	R 4 874 909.57
Business advisory services: consulting Human Resource employee competency assessment	1	30	R 9 615.61
Recruitment: conducting personnel suitability checks	1	30	R 3 304.00
Business advisory consulting services: translator and transcript services	1	30	R 14 000.00
Business advisory consulting services: translator and transcript services	1	30	R 63 250.00
Business advisory consulting services: translator and transcript services	1	30	R 13 300.00
Business advisory consulting services: translator and transcript services	1	30	R 20 000.00
Contractors: Artists and Performers	1	30	R 45 000.00
Contractors: Audio-Visual services	1	30	R 14 800.00
Contractors: Audio-Visual services	1	30	R 28 500.00
Contractors: Audio-Visual services	1	30	R 13 475.00
Contractors: Audio-Visual services	1	30	R 10 695.00
Contractors: Audio-Visual services	1	30	R 32 250.00
Contractors: medical services	1	30	R 130 689.01
Business advisory consulting services: board and comm members	2	30	R 42 560.00
Business advisory consulting services recruitment: conducting personnel suitability checks	1	30	R 42 020.83
Business advisory consulting services: translator and transcript services	1	30	R 12 937.50
Contractors: Artists and Performers	1	30	R 15 000.00
Contractors: stage and sound crew	1	30	R 32 250.00

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Contractors: stage and sound crew	1	30	R 99 000.00
Contractors: stage and sound crew	1	30	R 36 852.90
Business advisory consulting services recruitment: conducting personnel suitability checks	1	30	R 28 846.83
Business advisory consulting services: translator and transcript services	2	30	R 6 000.00
Business advisory consulting services: translator and transcript services	2	30	R 6 131.35
Business advisory consulting services: translator and transcript services	2	30	R 18 000.00
Business advisory consulting services: translator and transcript services	2	30	R 25 000.00
Contractors: audio-visual services	1	30	R 48 700.00
To conduct an implementation and outcome evaluation of the shared economic infrastructure facility programme	3	60	R 263 679.00
To assist the Department of Small Business Development (DSBD) in conducting an implementation and outcome evaluation of the Informal and Micro Enterprise Development Programme (IMEDP)	5	60	R 499 100.00
To conduct an implementation and outcome evaluation of the Shared Economic Infrastructure Facility (SEIF) programme	4	60	R 730 000.00
To undertake research study to review micro, small and medium enterprise support programmes within national/sector departments and provincial departments of economic affairs	2	60	R 828 000.00
To assist DSBD with the facilitation of the One-Plan Workshop	1	30	R 259 035.00
To conduct research on cannabis	1	30	R 1 150 000.00
To conduct client satisfaction survey	2	30	R 224 250.00
To conduct an implementation and outcome evaluation of the shared economic infrastructure facility programme	2	30	R 615 251.00
To undertake a rapid and comprehensive comparative study on red tape reduction, with a specific focus on municipal business licensing processes and systems across South Africa within two months.	3	60	R 716 579.00
Contractors: photographer, live streaming	1	30	R 4 000.00

Total number of projects	Total individual consultants	Total duration Workdays	Total contract value in Rand
59	84	1 920	R 22 425 057.09

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDI) for the period 1 April 2025 and 31 March 2026

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Recruitment: conducting personnel suitability checks	Level 1	100% Black Male	1
Audit Committee Fee	NONE	NON SMME	1
Contractors: Casual Labourers	NONE	NON SMME	1
Business advisory services: consulting Human Resources	Level 1	100% Black Male	1
Business advisory services: consulting Human Resources	Level 1	100% Black Male	1
Contracts: stage sound crew	NONE	NON SMME	1
Contracts: stage sound crew	NONE	NON SMME	1
Contracts: stage sound crew	NONE	NON SMME	1
Contracts: stage sound crew	NONE	NON SMME	1
Contracts: stage sound crew	NONE	NON SMME	1
Contracts: stage sound crew	NONE	NON SMME	1
Business advisory services: consulting Human Resources	Level 1	100% Black Male	1
Employee and Organisation Enhancement counselling services	Level 1	25.71% Black Ownership	1
Business advisory consulting services: translator and transcript services	Level 1	100% Black Female	1
Business advisory consulting services: translator and transcript services	Level 1	100% Black Male	1
Contractors, audio-visual services for the G20 event in July 2026	NONE	NON SMME	1
Contractors: Artists and Performers	NONE	NON SMME	1
Contracts: event promoters	NONE	NON SMME	1
Contracts: event promoters	NONE	NON SMME	1
Contracts: event promoters	NONE	NON SMME	1
Contracts: event promoters	NONE	NON SMME	1
Contractors, Security Services	NONE	NON SMME	2
Legal Services Advice/State Attorney	NONE	NON SMME	2
Business advisory services: consulting Human Resource employee competency assessment	Level 1	100% Black Male	1
Recruitment: conducting personnel suitability checks	Level 1	100% Black Male	1
Business advisory consulting services: translator and transcript services	Level 1	100% Black Male	1
Business advisory consulting services: translator and transcript services	Level 1	100% Black Male	1

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Business advisory consulting services: translator and transcript services	Level 1	100% Black Male	1
Business advisory consulting services: translator and transcript services	Level 1	100% Black Female	1
Contractors: Artists and Performers	NONE	NON SMME	1
Contractors: Audio-Visual services	Level 1	100% Black Female	1
Contractors: Audio-Visual services	Level 1	Level 1	1
Contractors: Audio-Visual services	Level 1	100% Black Male	1
Contractors: Audio-Visual services	Level 1	100% Black Male	1
Contractors: Audio-Visual services	Level 1	100% Black Male	1
Contractors: medical services	NONE	NON SMME	1
Business advisory consulting services: board and comm mem	NONE	NON SMME	1
Business advisory consulting services: recruitment conducting personnel suitability checks	Level 1	100% Black Male	1
Business advisory consulting services: translator and transcript services	Level 1	100% Black Female	1
Contractors: Artists and Performers	Level 1	100% Black Female	1
Contractors: stage and sound crew	Level 1	100% Black Femail	1
Contractors: stage and sound crew	Level 1	100% Black Male	1
Contractors: stage and sound crew	Level 1	100% Black Male	1
Business advisory consulting services: recruitment conducting personnel suitability checks	Level 1	100% Black Male	1
Business advisory consulting services: translator and transcript services	Level 1	100% Black Female	1
Business advisory consulting services: translator and transcript services	Level 1	100% Black Female	1
Business advisory consulting services: translator and transcript services	Level 1	100% Black Female	1
Business advisory consulting services: translator and transcript services	Level 1	100% Black Female	1
Contractors: Audio-Visual services	Level 1	100% Black Male	1
To conduct an implementation and outcome evaluation of the shared economic infrastructure facility programme	Level 1	100% Black Male	1
To assist the Department of Small Business Development (DSBD) in conducting an implementation and outcome evaluation of the Informal and Micro Enterprise Development Programme (IMEDP)	Level 1	100% Black Male	1
To conduct an implementation and outcome evaluation of the Shared Economic Infrastructure Facility (SEIF) programme	Level 1	100% Black Male	1

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
To undertake research study to review micro, small and medium enterprise support programmes within national/sector departments and provincial Departments of Economic Affairs	Level 1	100% Black Male	1
To assist DSBD with the facilitation of the One-Plan Workshop	Level 1	100% Black Male	1
To conduct research on cannabis	NONE	NON SMME	1
To conduct client satisfaction survey	Level 1	100% Black Male	1
To conduct an implementation and outcome evaluation of the shared economic infrastructure facility programme	Level 1	100% Black Male	1
To undertake a rapid and comprehensive comparative study on red tape reduction, with a specific focus on municipal business licensing processes and systems across South Africa within two months.	Level 1	100% Black Male	1
Contractors: photographer live streaming	Level 1	100% Black Male	1

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2025 and 31 March 2026

Project title	Total Number of consultants that worked on project	Duration (Workdays)	Donor and contract value in Rand
Project Management	1	30	R 267 011.41
Contractors' Services: Provision of Audio-Visual Services	1	30	R 160 000.00
Contractors' Services: Provision of Audio-Visual Services	1	30	R 111 850.00
Contractors' Services: Provision of Audio-Visual Services	1	30	R 22 500.00

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
4	4	120	R 561 361.41

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2025 and 31 March 2026

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Project Management	NONE	NON SMME	1
Contractors' Services: Provision of Audio-Visual Services	Level 1	100% Black Male	1
Contractors' Services: Provision of Audio-Visual Services	Level 1	100% Black Male	1
Contractors' Services: Provision of Audio-Visual Services	Level 1	100% Black Male	1

3.16 Severance Packages

Table 3.16.1 Granting of employee-initiated severance packages for the period 1 April 2025 and 31 March 2026

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





PART E

PFMA Compliance Report



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

1.1 Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2025/2026	2024/2025
	R'000	R'000
Opening balance	1 978	743
Adjustment to opening balance	-	-
Opening balance as restated	-	-
Add: Irregular expenditure confirmed	-	1 235
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	(831)	-
Less: Irregular expenditure recoverable ⁴	-	-
Less: Irregular expenditure not recoverable and written off	-	-
Closing balance	1 147	1 978

Reconciling notes

Description	2025/2026	2024/2025 ⁵
	R'000	R'000
Irregular expenditure that was under assessment	-	-
Irregular expenditure that relates to the prior year and identified in the current year	-	1 235
Irregular expenditure for the current year	-	-
Total	-	1 235

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

Description ⁶	2025/2026	2024/2025
	R'000	R'000
Irregular expenditure under assessment	-	815
Irregular expenditure under determination	72	420
Irregular expenditure under investigation	-	-
Total	72	1 235

Assessments being undertaken.

⁴Transfer to receivables

⁵Record amounts in the year in which it was incurred

⁶Group similar items

c) Details of irregular expenditure condoned

Description	2025/2026	2024/2025
	R'000	R'000
Irregular expenditure condoned	-	-
Total	-	-

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

Description	2025/2026	2024/2025
	R'000	R'000
Irregular expenditure NOT condoned and removed	831	-
Total	831	-

e) Details of irregular expenditure recoverable

Description	2025/2026	2024/2025
	R'000	R'000
Irregular expenditure recoverable	-	-
Total	-	-

f) Details of irregular expenditure written off (irrecoverable)

Description	2025/2026	2024/2025
	R'000	R'000
Irregular expenditure written off	-	-
Total	-	-

Additional disclosure relating to Inter-Institutional Arrangements

g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)⁷

Description	2025/2026 ⁸	2024/2025
	R'000	R'000
Not applicable	-	-
	-	-
	-	-
Total	-	-

⁷Refer to paragraphs 3.12, 3.13 and 3.14 of Annexure A (PFMA Compliance and Reporting Framework) to National Treasury Instruction No. 4 of 2022/2023

⁸Amounts of irregular expenditure related to the current year must be disclosed in the annual financial statements

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

Disciplinary steps taken
Not applicable

1.2 Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2025/2026	2024/2025
	R'000	R'000
Opening balance	-	-
Adjustment to opening balance	-	-
Opening balance as restated	-	-
Add: Fruitless and wasteful expenditure confirmed	-	6
Less: Fruitless and wasteful expenditure recoverable ⁹	-	6
Less: Fruitless and wasteful expenditure not recoverable and written off	-	-
Closing balance	-	-

Reconciling notes

Description	2025/2026	2024/2025 ¹⁰
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment	-	-
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	-	-
Fruitless and wasteful expenditure for the current year	-	6
Total	-	6

⁹Transfer to receivables

¹⁰Record amounts in the year in which it was incurred

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

Description ¹¹	2025/2026	2024/2025
	R'000	R'000
Fruitless and wasteful expenditure under assessment	1 856	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
Total	1 856	-

c) Details of fruitless and wasteful expenditure recoverable

Description	2025/2026	2024/2025
	R'000	R'000
Fruitless and wasteful expenditure recoverable	-	6
Total	-	6

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

Description	2025/2026	2024/2025
	R'000	R'000
Fruitless and wasteful expenditure written off	-	-
Total	-	-

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

Disciplinary steps taken
Not applicable
Total

¹¹Group similar items

1.3 Unauthorised expenditure

Not Applicable

a) Reconciliation of unauthorised expenditure

Description	2025/2026	2024/2025
	R'000	R'000
Opening balance	-	
Adjustment to opening balance	-	-
Opening balance as restated	-	-
Add: unauthorised expenditure confirmed	-	-
Less: unauthorised expenditure approved with funding	-	-
Less: unauthorised expenditure approved without funding	-	-
Less: unauthorised expenditure recoverable ¹²	-	-
Less: unauthorised not recoverable and written off ¹³	-	-
Closing balance	-	-

Reconciling notes

Description	2025/2026	2024/2025 ¹⁴
	R'000	R'000
Unauthorised expenditure that was under assessment	-	-
Unauthorised expenditure that relates to the prior year and identified in the current year	-	-
Unauthorised expenditure for the current year	-	-
Total	-	-

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

Description ¹⁵	2025/2026	2024/2025
	R'000	R'000
Unauthorised expenditure under assessment	-	-
Unauthorised expenditure under determination	-	-
Unauthorised expenditure under investigation	-	-
Total	-	-

Include discussion here where deemed relevant.

¹²Transfer to receivables

¹³This amount may only be written off against available savings

¹⁴Record amounts in the year in which it occurred

¹⁵Group similar items

1.4 Additional disclosure relating to material losses in terms of PFMA Section 40(3)(b)(i) &(iii))¹⁶

Not Applicable

a) Details of material losses through criminal conduct

	2025/2026	2024/2025
Material losses through criminal conduct	R'000	R'000
Theft	-	-
Other material losses	-	-
Less: Recoverable	-	-
Less: Not recoverable and written off	-	-
Total	-	-

b) Details of other material losses

	2025/2026	2024/2025
Nature of other material losses	R'000	R'000
<i>(Group major categories, but list material items)</i>	-	-
	-	-
	-	-
Total	-	-

c) Other material losses recoverable

	2025/2026	2024/2025
Nature of losses	R'000	R'000
<i>(Group major categories, but list material items)</i>	-	-
	-	-
	-	-
Total	-	-

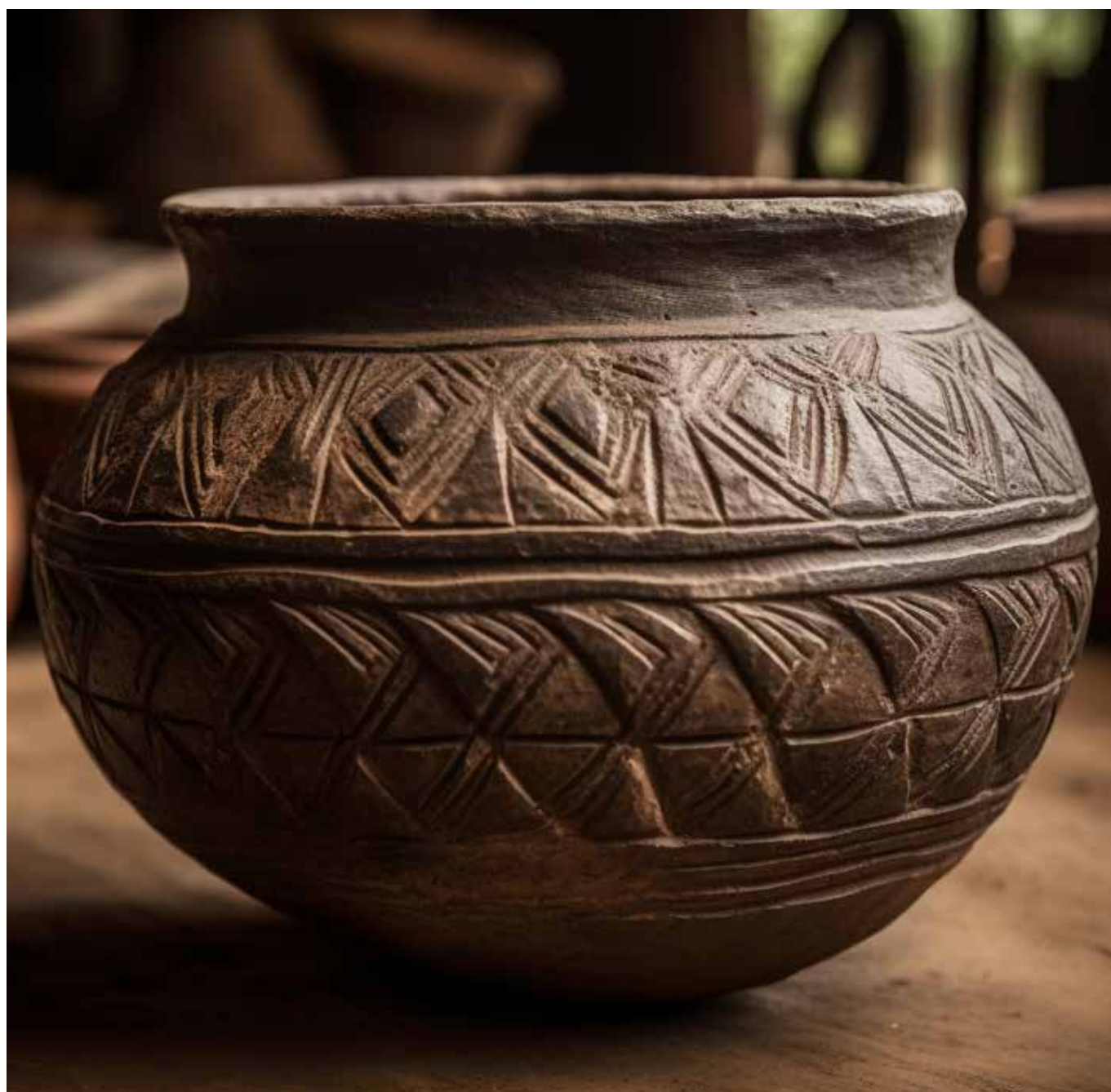
d) Other material losses not recoverable and written off

	2025/2026	2024/2025
Nature of losses	R'000	R'000
<i>(Group major categories, but list material items)</i>	-	-
	-	-
	-	-
Total	-	-

¹⁶Information related to material losses must be disclosed in the annual financial statements

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	11 805	122 612
Invoices paid within 30 days or agreed period	-	-
Invoices paid after 30 days or agreed period	-	-
Invoices older than 30 days or agreed period (<i>unpaid and without dispute</i>)	-	-
Invoices older than 30 days or agreed period (<i>unpaid and in dispute</i>)	-	-



3. SUPPLY CHAIN MANAGEMENT

3.1 Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Appointment to provide outside broadcast services. Radio 2000, as a state-owned enterprise with national reach, is identified as a suitable partner.	Radio 2000, SABC	Single source service provider	AI-956177	322
Appointment to provide event coordination for the G20 event scheduled for 29 April 2025 in the Western Cape and Eastern Cape.	Morning Live, SABC	Single source service provider	AI-956188	518
Appointment to render media coverage and newsprint services for the G20 2025 event in Gqeberha, Eastern Cape (29–30 April 2025) via regional platforms (The Herald, Daily Dispatch, The Rep, Go and Express).	Arena Holdings	Single source service provider	AI-956189	480
Appointment to host a combined incubator launch and G20 provincial launch on 29 April 2025 at the university premises, where the incubator is already situated.	Nelson Mandela University	Single source service provider	N/A	144
Appointment to provide CIP training for 2 SMS members.	National School of Government	Sole service provider	OR-001498	7
Appointment to provide CIP training for 3 DSBD officials.	National School of Government	Sole service provider	OR-001492	58
Appointment to provide CIP training.	National School of Government	Sole service provider	OR-001494	108
Appointment as a single source for radio services.	Umhlobo Wenene FM, SABC	Single source service provider	AI-00956303	368
Appointment as a single source for news publishing services via regional platforms (Herald Daily Dispatch, The Rep, Go and Express).	Arena Holdings	Single source service provider	AI-956316	490
Appointment to render live broadcast services in Gauteng (Kempton Park, Birchwood Hotel, 21–24 July 2025).	SABC	Single service provider	OR-001495	483
Appointment to render live outside broadcast (OB) services in Gauteng (Kempton Park, Birchwood Hotel, 21–24 July 2025).	SABC, SA FM	Single service provider	AI-00325	322
Appointment to provide services for the health and wellness conference (15 August 2025).	South African Institute of Occupational Safety and Health (SAOISH)	Sole service provider	OR-001505	5
Appointment to provide long service certificates to DSBD.	Government Printing Works	Single source service provider	OR-001511	0
Appointment to provide services for the annual GovTech conference for ICT officials.	State Information Technology Agency (SITA)	Sole service provider	OR-001507	36

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Appointment to verify educational qualifications of recommended candidates.	South African Qualifications Authority (SAQA)	Sole service provider	OR-001502	1
Appointment to provide media and technical support.	Khiwa Media	Single source service provider	N/A	12
Appointment to render live broadcast services in Limpopo (Bolivia Lodge, Polokwane, 29 September 2025).	SABC	Single source service provider	AI-956334	656
Appointment to provide publishing services, leveraging SABC's national broadcast platform (note: supplier mismatch in original – corrected to GPW as listed; if SABC intended, please revise).	Government Printing Works	Sole service provider	OR-001514	6
Appointment to publish the Business Licensing Bill in the ordinary government gazette.	Government Printing Works	Sole service provider	OR-001520	59
Appointment to publish the National Entrepreneurship Strategy and Implementation Plan in the government gazette.	Government Printing Works	Sole service provider	AI-956338	20
Appointment to publish the extension of public consultations for the Business Licensing Bill.	Government Printing Works	Sole service provider	OR-001544	6
Appointment to publish the Incubation Business Development Service Policy in the government gazette.	Government Printing Works	Sole service provider	OR-001537	92
Appointment to publish the National Entrepreneurship Strategy and Implementation Plan in the government gazette.	Government Printing Works	Sole service provider	OR-001549	44
Appointment for cloud migration, hosting, and disaster recovery projects.	SITA	Sole service provider	SLA	2,521
Appointment to provide job evaluation training.	National School of Government	Single source service provider	OR-001532	78
Appointment to provide job evaluation training.	National School of Government	Single source service provider	OR-001533	17
Appointment to provide job evaluation training.	National School of Government	Single source service provider	OR-001534	12
Appointment to provide project management training.	National School of Government	Single source service provider	OR-001535	118
Appointment for procurement of manual order books.	Government Printing Works	Single source service provider	OR-001573	1
Appointment to assist DSBD with the purchase of seeds for farmers participating in the Cannabis Outgrower Model.	Medigrow (PTY) Ltd	Sole source service provider	OR-001596	3,750
Appointment to assist DSBD with facilitating final portfolio strategic planning sessions.	National School of Government	Single source service provider	OR-001594	188
Appointment to provide catering for the Pre-SONA National Entrepreneurship Strategy engagement session in Cape Town.	22 On Sloane	Single source service provider	OR-001584	134

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Appointment to provide training for two DSBD colleagues to attend the Service Trainers Forum.	National School of Government	Single source service provider	OR-001605	13
Appointment to provide printing and digital media for the Ministerial District Economic Information and Strategic Interface (IMEDP handover) and right-to-trade dialogue.	Arena Holdings	Single source service provider	OR-001619	1,650
Appointment to provide television and radio services for the Ministerial District Economic Information and Strategic Interface (IMEDP handover) and right-to-trade dialogue.	SABC	Single source service provider	OR-001616	897
Appointment to assist DSBD in implementing the pilot project for small enterprise development on medicinal cannabis and industrial hemp.	University of Walter Sisulu	Single source service provider	OR-001621	1,150
Total				14,766

3.2. Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value R'000	Value of previous contract expansion/s or variation/s (if applicable) R'000	Value of current contract expansion or variation R'000
Appointment of a service provider to provide Employee Health and Wellness Services for the Department of Small Business Development for a period of 36 months.	Lyra Southern Africa	Expansion	OR-001469	861	-	129
Total				861	-	129



PART F

Annual Financial Statements





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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Department of Small Business Development set out on pages 168 to 235, which comprise the appropriation statement, statement of financial position as at 31 March 2026, statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, as well as notes to the financial statements including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of Department of Small Business Development as at 31 March 2026, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) as issued by National Treasury of South Africa and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

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

Responsibilities of the accounting officer for the financial statements

6. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Modified Cash Standard (MCS) as issued by National Treasury of South Africa and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

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

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 168, forms part of my auditor's report.

Report on the audit of the annual performance report

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
11. I selected the following programmes presented in the annual performance report for the year ended 31 March 2026 for auditing. I selected programmes that measure the department's performance on its primary mandated functions and that are of significant national, community or public interest.

Programmes	Page numbers	Purpose
Programme Three: Integrated Cooperatives and Micro Enterprise Development	62 – 68	Drive economic transformation through integrated informal business, co-operatives and micro enterprise development and support
Programme Four: Enterprise Development, Innovation and Entrepreneurship	69 – 76	Oversee the promotion of an ecosystem that enhances entrepreneurship and innovation during the establishment, growth and sustainability of SMMEs

12. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the department's planning and delivery on its mandate and objectives.
13. I performed procedures to test whether:
 - the indicators used for planning and reporting on performance can be linked directly to the department's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the department's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated

- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets

14. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
15. I did not identify any material findings on the reported performance information for the selected programmes.

Other matter

16. I draw attention to the matters below.

Achievement of planned targets

17. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements.
18. The tables that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 31 to 76.

Programme Four: Enterprise Development, Innovation and Entrepreneurship

<i>Targets achieved: 90%</i> <i>Budget spent: 89%</i>		
Key indicator not achieved	Planned target	Reported achievement
Township and rural MSMEs assisted with Asset Assist Support Programme to the value of R million.	Township and rural MSMEs assisted with Asset Assist Support Programme to the value of R208. 363 million.	Township and rural MSMEs assisted with Asset Assist Support Programme to the value of R0 million.

Material misstatements

19. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Programme Four: Enterprise Development, Innovation and Entrepreneurship. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

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

Annual financial statements, performance report and annual reports

24. 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.
25. Material misstatements of the goods and services, prepayments, voted funds to be surrendered to the Revenue Fund, principal-agent arrangement and aid assistance disclosure identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified opinion.

Other information in the annual report

26. The accounting officer is responsible for the other information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
27. My opinion on the financial statements, and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
28. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
29. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

30. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
31. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
32. Management did not prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information.
33. Management did not review and monitor compliance with applicable legislation.

Auditor General

Pretoria

31 July 2026



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

Auditor general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 1; 38(1)(b); 38(1)(c)(i); 38(1)(c)(iii); 38(1)(d); 38(1)(f); 38(1)(h)(iii); 39(1)(a); 39(2)(a); 40(1)(a); 40(1)(b); 40(1)(c)(i); 43(1); 43(4); 44; 45(b)
Treasury Regulations, 2005	Regulation 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1; 6.3.1(a); 6.3.1(b); 6.3.1(c); 6.3.1(d); 6.4.1(b); 7.2.1; 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1; 9.1.1; 9.1.4; 10.1.1(a); 10.1.2; 11.4.1; 11.4.2; 11.5.1; 12.5.1; 15.10.1.2(c); 16A3.2; 16A3.2(a);
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Division of Revenue Act 24 of 2024	Section 11(6)(a); 12(5); 16(1); 16(3)(a)(i); 16(3)(a)(ii)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 2
National Health Act 61 of 2003	Section 13
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury Instruction No 7 of 2017/18	Paragraph 4.3
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Public Service Regulations, 2016	Regulation 18(1); 18(2); 25(1)(e)(i); 25(1)(e)(iii)
State Information Technology Agency Act 88 of 1998	Section 7(3)

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APPROPRIATION STATEMENT

Appropriation per programme									
	2025/26							2024/25	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme									
1. Administration	203 193	-	1 420	204 613	188 380	16 233	92.1%	166 669	165 699
2. Sector Policy and Research	67 245	-	(5 000)	62 245	53 388	8 857	85.8%	45 248	37 311
3. Integrated Co-Operatives and Micro Enterprise Development	482 701	-	9 000	491 701	444 448	47 253	90.4%	171 199	142 681
4. Enterprise Development, Innovation and Entrepreneurship	2 164 983	-	(5 420)	2 159 563	1 929 726	229 837	89.4%	2 036 429	2 034 608
Total	2 918 122	-	-	2 918 122	2 615 942	302 180	89.6%	2 419 545	2 380 299
Reconciliation with statement of financial performance									
ADD									
Departmental receipts				764				503 835	
Aid assistance				12 677				59 413	
Actual amounts per statement of financial performance (Total revenue)				2 931 563				2 982 793	
ADD									
Aid assistance					2 039				40 929
Actual amounts per statement of financial performance (Total expenditure)					2 617 981				2 421 228

APPROPRIATION STATEMENT

Appropriation per economic classification									
	2025/26							2024/25	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	829 360	(22 002)	-	807 358	550 377	256 981	68.2%	386 537	370 791
Compensation of employees	263 540	(523)	-	263 017	248 122	14 895	94.3%	232 929	218 360
Goods and services	565 820	(21 479)	-	544 341	302 255	242 086	55.5%	153 608	152 430
Transfers and subsidies	2 080 258	21 548	-	2 101 806	2 059 080	42 726	98.0%	2 025 619	2 002 326
Provinces and municipalities									
Departmental agencies and accounts	1 440	(75)	-	1 365	1 365	-	100.0%	1 317 189	1 317 189
Public corporations and private enterprises	2 068 925	20 476	-	2 089 401	2 046 687	42 714	98.0%	697 397	674 108
Non-profit institutions	8 471	600	-	9 071	9 071	-	100.0%	9 388	9 388
Households	1 422	547	-	1 969	1 957	12	99.4%	1 645	1 641
Payments for capital assets	8 504	432	-	8 936	6 465	2 471	72.3%	7 385	7 179
Machinery and equipment	8 473	373	-	8 846	6 434	2 412	72.7%	7 178	7 130
Intangible assets	31	59	-	90	31	59	34.3%	207	48
Payments for financial assets	-	22	-	22	20	2	93.0%	4	3
Total	2 918 122	-	-	2 918 122	2 615 942	302 180	89.6%	2 419 545	2 380 299

APPROPRIATION STATEMENT

Programme 1: Administration									
	2025/26							2024/25	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final Budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Ministry	35 385	4 957	919	41 261	41 117	144	99.7%	42 464	42 281
2. Departmental Management	27 659	(1 535)	-	26 124	25 434	690	97.4%	23 185	23 065
3. Corporate Management Services	113 080	(3 879)	501	109 702	96 134	13 568	87.6%	76 778	76 451
4. Financial Management	27 069	457	-	27 526	25 695	1 831	93.3%	24 242	23 901
Total for sub programmes	203 193	-	1 420	204 613	188 380	16 233	92.1%	166 669	165 699
Economic classification									
Current payments	195 144	(115)	1 420	196 449	182 298	14 151	92.8%	158 972	158 175
Compensation of employees	107 025	(29)	1 420	108 416	108 078	338	99.7%	101 659	100 966
Goods and services	88 119	(86)	-	88 033	74 220	13 813	84.3%	57 313	57 209
Transfers and subsidies	414	42	-	456	448	8	98.2%	1 197	1 196
Public corporations and private enterprises	-	1	-	1	1	0	53.0%	-	-
Households	414	41	-	455	447	8	98.3%	1 197	1 196
Payments for capital assets	7 635	51	-	7 686	5 614	2 072	73.0%	6 496	6 324
Buildings and other fixed structures									
Machinery and equipment	7 635	(8)	-	7 627	5 614	2 013	73.6%	6 317	6 303
Intangible assets	-	59	-	59	-	59	-	179	21
Payments for financial assets	-	22	-	22	20	2	93.0%	4	3
Total	203 193	-	1 420	204 613	188 380	16 233	92.1%	166 669	165 699

APPROPRIATION STATEMENT

Programme 2: Sector and Market Development									
	2025/26							2024/25	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final Budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Business Intelligence and Sector-Wide Monitoring and Evaluation	26 128	(1 150)	(1 988)	22 990	16 711	6 279	72.7%	11 985	11 187
2. Intergovernmental Relations and Business Efficiency	19 897	1 009	-	20 906	19 817	1 089	94.8%	15 399	12 699
3. Sector Specific Support	21 220	141	(3 012)	18 349	16 860	1 489	91.9%	17 864	13 425
Total for sub programmes	67 245	-	(5 000)	62 245	53 388	8 857	85.8%	45 248	37 311
Economic classification									
Current payments	66 731	(399)	(5 000)	61 332	52 844	8 488	86.2%	45 008	37 083
Compensation of employees	40 098	(55)	-	40 043	37 019	3 024	92.4%	37 806	30 765
Goods and services	26 633	(344)	(5 000)	21 289	15 825	5 464	74.3%	7 202	6 318
Transfers and subsidies	276	59	-	335	332	3	99.1%	23	23
Households	276	59	-	335	332	3	99.1%	23	23
Payments for capital assets	238	340	-	578	212	366	36.7%	217	205
Machinery and equipment	238	340	-	578	212	366	36.7%	217	205
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	67 245	-	(5 000)	62 245	53 388	8 857	85.8%	45 248	37 311

APPROPRIATION STATEMENT

Programme 3: Integrated Co-operatives and Micro Enterprise Development									
	2025/26							2024/25	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final Budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Integrated Co-operatives and Micro Enterprise Development	319 634	(1 125)	5 000	323 509	278 193	45 316	86.0%	59 766	35 723
2. Economic Transformation Initiatives	117 580	5 207	4 000	126 787	125 844	943	99.3%	66 151	65 523
3. Value Chain and Market Access Support	45 487	(4 082)	-	41 405	40 411	994	97.6%	45 282	41 436
Total for sub programmes	482 701	-	9 000	491 701	444 448	47 253	90.4%	171 199	142 681
Economic classification									
Current payments	262 196	(21 033)	9 000	250 163	245 647	4 516	98.2%	117 188	111 965
Compensation of employees	44 660	-	-	44 660	43 229	1 431	96.8%	42 557	37 440
Goods and services	217 536	(21 033)	9 000	205 503	202 419	3 084	98.5%	74 631	74 525
Transfers and subsidies	220 216	21 004	-	241 220	198 506	42 714	82.3%	53 622	30 330
Public corporations and private enterprises	220 214	21 000	-	241 214	198 500	42 714	82.3%	53 289	30 000
Households	2	4	-	6	6	-	100.0%	333	330
Payments for capital assets	289	29	-	318	294	24	92.5%	389	386
Machinery and equipment	289	29	-	318	294	24	92.5%	389	386
Intangible assets	-	-	-	-	-	-	-	28	28
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	482 701	-	9 000	491 701	444 448	47 253	90.4%	171 199	142 681

APPROPRIATION STATEMENT

Programme 4: Enterprise Development, Innovation Entrepreneurship									
	2025/26							2024/25	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Enterprise Development, Innovation Entrepreneurship	9 598	4 556	-	14 154	13 117	1 037	92.7%	7 719	6 470
2. Entrepreneurship and Enterprise Development	1 201 718	(7 037)	(4 220)	1 190 461	1 188 473	1 988	99.8%	1 336 554	1 336 024
3. Funding Support and Coordination	953 667	2 481	(1 200)	954 948	728 135	226 813	76.2%	692 156	692 115
Total for sub programmes	2 164 983	-	(5 420)	2 159 563	1 929 726	229 837	89.4%	2 036 429	2 034 608
Economic classification									
Current payments	305 289	(455)	(5 420)	299 414	69 588	229 826	23.2%	65 369	63 568
Compensation of employees	71 757	(439)	(1 420)	69 898	59 796	10 102	85.5%	50 907	49 190
Goods and services	233 532	(16)	(4 000)	229 516	9 792	219 724	4.3%	14 462	14 378
Transfers and subsidies	1 859 352	443	-	1 859 795	1 859 794	1	100.0%	1 970 777	1 970 777
Departmental agencies and accounts	1 440	(75)	-	1 365	1 365	-	100.0%	1 317 189	1 317 189
Public corporations and private enterprises	1 848 711	(525)	-	1 848 186	1 848 186	-	100.0%	644 108	644 108
Non-profit institutions	8 471	600	-	9 071	9 071	-	100.0%	9 388	9 388
Households	730	443	-	1 173	1 172	1	99.9%	92	92
Payments for capital assets	342	12	-	354	345	9	97.4%	283	263
Machinery and equipment	311	12	-	323	314	9	97.2%	283	263
Intangible assets	31	-	-	31	31	0	99.6%	-	-
Total	2 164 983	-	(5 420)	2 159 563	1 929 726	229 837	89.4%	2 036 429	2 034 608

NOTES TO THE APPROPRIATION STATEMENT

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

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

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

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

3. Detail on payments for financial assets

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

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

4.1 Per programme

Programme	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
	R'000	R'000	R'000	%
Administration	204 613	188 380	16 233	8%
Sector Policy and Research	62 245	53 388	8 857	14%
Integrated Co-Operatives and Micro Enterprise Development	491 701	444 448	47 253	10%
Enterprise Development, Innovation and Entrepreneurship	2 159 563	1 929 726	229 837	11%
Total	2 918 122	2 615 942	302 180	10%

The variance is largely attributable to costs related to events, delays in the implementation of research projects, and delays in finalising agreements and processing claims for the Business Infrastructure Support Programme (BISP). Furthermore, the late commencement of the Asset Assist programme, following its transfer from SEDFA to the Department, contributed to the overall variance.

NOTES TO THE APPROPRIATION STATEMENT

4.2 Per economic classification

	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
Economic classification	R'000	R'000	R'000	%
Current payments				
Compensation of employees	263 017	248 122	14 895	6%
Goods and services	544 341	302 255	242 086	44%
Transfers and subsidies				
Departmental agencies and accounts	1 365	1 365	-	0%
Public corporations and private enterprises	2 089 401	2 046 687	42 714	2%
Non-profit institutions	9 071	9 071	-	0%
Households	1 969	1 957	12	1%
Payments for capital assets				
Machinery and equipment	8 846	6 434	2 412	27%
Intangible assets	90	31	59	66%
Payments for financial assets	22	20	2	7%
Total	2 918 122	2 615 942	302 180	10%

Compensation of Employees – Expenditure as of 31 March 2026 amounted to R248.1 million (94.3%) against a final budget of R263 million, resulting in underspending of R14.9 million (5.7%), primarily due to vacancies. The current vacancy rate stands at 14.9%.

Goods and Services – Expenditure as of 31 March 2026 amounted to R302.2 million (55.5%) against a final budget of R544.3 million, resulting in underspending of R242.1 million (44.5%). Key contributors include the late commencement of the Asset Assist programme which resulted in the project spilling over to the 2026/27 financial year (R219.3 million), an unprocessed Business Infrastructure Support Programme (BISP) claim of R2.1 million due to compliance issues; lower-than-anticipated consultancy costs (R4.4 million) due to work being conducted internally; and delayed procurement activities within Communications and Marketing (R4.4 million) due to operational and implementation constraints.

Capital Assets – Expenditure as of 31 March 2026 amounted to R6.5 million (72.3%) against a final budget of R8.9 million, resulting in underspending of R2.5 million (27.7%). This is largely attributable to delays in the delivery of the Minister's vehicle and the non-procurement of office furniture.

Transfer Payments – Expenditure as of 31 March 2026 amounted to R2.059 billion (98%) against a final budget of R2.102 billion, resulting in underspending of R42.7 million (2%). This variance is mainly due to delays in finalising agreements and processing claims for the four approved Hubs.

STATEMENT OF FINANCIAL PERFORMANCE

	Note	2025/26	2024/25
		R'000	R'000
REVENUE			
Annual appropriation	1	2 918 122	2 419 545
Departmental revenue	2	764	503 835
Aid assistance		12 677	59 413
TOTAL REVENUE		2 931 563	2 982 793
EXPENDITURE			
Current expenditure			
Compensation of employees	4	248 122	218 361
Goods and services	5	302 255	152 431
Aid assistance	3	1 359	9 283
Total current expenditure		551 736	380 075
Transfers and subsidies			
Transfers and subsidies	7	2 059 080	2 002 326
Aid assistance	3	-	28 454
Total transfers and subsidies		2 059 080	2 030 780
Expenditure for capital assets			
Tangible assets	8	7 114	7 130
Intangible assets	8	31	3 240
Total expenditure for capital assets		7 145	10 370
Payments for financial assets	6	20	3
TOTAL EXPENDITURE		2 617 981	2 421 228
SURPLUS/(DEFICIT) FOR THE YEAR		313 582	561 565

Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		302 180	39 246
Annual appropriation		302 180	39 246
Statutory appropriation		-	-
Conditional grants		-	-
Departmental revenue and NRF receipts	13	764	503 835
Aid assistance	3	10 638	18 484
Capitalisation reserve		-	-
SURPLUS/(DEFICIT) FOR THE YEAR		313 582	561 565

STATEMENT OF FINANCIAL POSITION

	Note	2025/26	2024/25
		R'000	R'000
ASSETS			
Current assets		312 919	45 049
Cash and cash equivalents	9	94 933	38 726
Prepayments and advances	10	217 980	6 313
Receivables	11	6	10
Non-current assets		66	81
Prepayments and advances	10	-	-
Receivables	11	66	81
TOTAL ASSETS		312 985	45 130
LIABILITIES			
Current liabilities		312 979	45 094
Voted funds to be surrendered to the Revenue Fund	12	302 180	39 245
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	25	4
Payables	14	139	53
Aid assistance repayable	3	10 635	5 792
Aid assistance unutilised	3	-	-
Non-current liabilities		-	-
Payables		-	-
TOTAL LIABILITIES		312 979	45 094
NET ASSETS		6	36

	Note	2025/26	2024/25
		R'000	R'000
Represented by:		-	-
Capitalisation reserve		-	-
Recoverable revenue		6	36
Retained funds		-	-
Revaluation reserves		-	-
Unauthorised expenditure		-	-
TOTAL		6	36

STATEMENT OF CHANGES IN NET ASSETS

	Note	2025/26		2024/25
		R'000		R'000
NET ASSETS				
Recoverable revenue				
Opening balance		36		20
Transfers:		(30)		16
<i>Recoverable revenue written off</i>	6.1	(20)		-
<i>Debts revised</i>		-		-
<i>Debts recovered (included in departmental revenue)</i>		(160)		(6)
<i>Debts raised</i>		150		22
Closing balance		6		36
TOTAL		6		36

CASH FLOW STATEMENT

	Note	2025/26	2024/25
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		2 931 163	2 982 552
Annual appropriation funds received	1.1	2 918 122	2 419 544
Departmental revenue received	2	256	503 392
Interest received	2.3	108	203
Aid assistance received	3	12 677	59 413
Net (increase)/decrease in net working capital		(211 577)	17 614
(Surrendered to) / Received from the Revenue Fund	12,13	(39 988)	(550 622)
Surrendered to RDP Fund/Donor		(5 795)	(59 064)
Current payments		(551 736)	(380 074)
Payments for financial assets	6	(20)	(3)
Transfers and subsidies paid		(2 059 080)	(2 030 780)
Net cash flow available from operating activities	15	62 967	(20 378)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(7 145)	(10 370)
Proceeds from sale of capital assets	2.4	400	240
(Increase)/decrease in non-current receivables	11	15	50
Net cash flow available from investing activities		(6 730)	(10 080)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(30)	16
Increase/(decrease) in non-current payables		-	-
Net cash flows from financing activities		(30)	16
Net increase/(decrease) in cash and cash equivalents		56 207	(30 442)
Cash and cash equivalents at beginning of period		38 726	69 168
Unrealised gains and losses within cash and cash equivalents		-	-
Cash and cash equivalents at end of period	16	94 933	38 726

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

PART A: ACCOUNTING POLICIES

Summary of significant accounting policies

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

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

7.2	Departmental revenue Departmental revenue is recognised in the Statement of Financial Performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise. Departmental revenue is measured at the cash amount received. In-kind donations/gifts received are recorded in the notes to the financial statements on the date of receipt and are measured at fair value. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the Statement of Financial Position.
7.3	Accrued departmental revenue Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when: • it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and • the amount of revenue can be measured reliably. The accrued revenue is measured at the fair value of the consideration receivable. Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents. Write-offs are made according to the department's debt write-off policy.
8.	Expenditure
8.1	Compensation of employees
8.1.1	Salaries and wages Salaries and wages are recognised in the Statement of Financial Performance on the date of payment.
8.1.2	Social contributions Social contributions made by the department in respect of current employees are recognised in the Statement of Financial Performance on the date of payment. Social contributions made by the department in respect of ex-employees are classified as transfers to households in the Statement of Financial Performance on the date of payment.
8.2	Other expenditure Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the Statement of Financial Performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold. Donations made in kind are recorded in the notes to the financial statements on the date of transfer and are measured at cost or fair value.
8.3	Accruals and payables not recognised Accruals and payables not recognised are recorded in the notes to the financial statements at cost or fair value at the reporting date.
8.4	Leases
8.4.1	Operating leases Operating lease payments made during the reporting period are recognised as current expenditure in the Statement of Financial Performance on the date of payment. Operating lease payments received are recognised as departmental revenue. The operating lease commitments are recorded in the notes to the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8.4.2	Finance leases Finance lease payments made during the reporting period are recognised as capital expenditure in the Statement of Financial Performance on the date of payment. Finance lease payments received are recognised as departmental revenue. The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions. At commencement of the finance lease term, finance lease assets acquired are recorded and measured at: • the fair value of the leased asset; or if lower, • the present value of the minimum lease payments. Finance lease assets acquired prior to 1 April 2024, are recorded and measured at the present value of the minimum lease payments.
9.	Aid assistance
9.1	Aid assistance received Aid assistance received in cash is recognised in the Statement of Financial Performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value. Aid assistance not spent for the intended purpose and any unspent funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the Statement of Financial Position.
9.2	Aid assistance paid Aid assistance paid is recognised in the Statement of Financial Performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the Statement of Financial Position.
10.	Cash and cash equivalents Cash and cash equivalents are stated at cost in the Statement of Financial Position. Bank overdrafts are shown separately on the Face of the Statement of Financial Position as a current liability. For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.
11.	Prepayments and advances Prepayments and advances are recognised in the Statement of Financial Position when the department receives or disburses the cash. Prepayments and advances are initially and subsequently measured at cost. Prepayments and advances expensed before 1 April 2024 are recorded until the goods, services, or capital assets are received, or the funds are utilised in accordance with the contractual agreement.
12.	Loans and receivables Loans and receivables are recognised in the Statement of Financial Position at cost plus accrued interest, where interest is charged, less amounts already settled or written off. Write-offs are made according to the department's write-off policy.
13.	Investments Investments are recognised in the Statement of Financial Position at cost.
14.	Financial assets
14.1	Financial assets (not covered elsewhere) A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

14.2	Impairment of financial assets Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.
15.	Payables Payables recognised in the Statement of Financial Position are recognised at cost.
16.	Capital assets
16.1	Immovable capital assets Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost, or fair value [or R1000 for specific assets per MCS 11.72A] where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use. Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.
16.2	Movable capital assets Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.
16.3	Intangible capital assets Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project. Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.
16.4	Project costs: Work-in-progress Expenditure of a capital nature is initially recognised in the Statement of Financial Performance at cost when paid. Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register. Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

17.	Provisions and contingents
17.1	Provisions Provisions are recorded in the notes to the financial statements when a present legal or constructive obligation exists as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.
17.2	Contingent liabilities Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.
17.3	Contingent assets Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.
17.4	Capital commitments Capital commitments are recorded at cost in the notes to the financial statements.
18.	Unauthorised expenditure Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure. Unauthorised expenditure is recognised in the Statement of Changes in Net Assets until such time as the expenditure is either: • approved by Parliament or the Provincial Legislature with funding and the related funds are received; or • approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the Statement of Financial Performance; or • transferred to receivables for recovery. Unauthorised expenditure recorded in the notes to the financial statements comprise of • unauthorised expenditure that was under assessment in the previous financial year; • unauthorised expenditure relating to previous financial year and identified in the current year; and • Unauthorised expenditure incurred in the current year.
19.	Fruitless and wasteful expenditure Fruitless and wasteful expenditure receivables are recognised in the Statement of Financial Position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written off as irrecoverable. Fruitless and wasteful expenditure is recorded in the notes to the financial statements when and at amounts confirmed, and comprises of: • fruitless and wasteful expenditure that was under assessment in the previous financial year; • fruitless and wasteful expenditure relating to previous financial year and identified in the current year; and • fruitless and wasteful expenditure incurred in the current year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

20.	Irregular expenditure Losses emanating from irregular expenditure are recognised as a receivable in the Statement of Financial Position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written off as irrecoverable. Irregular expenditure is recorded in the notes to the financial statements when and at amounts confirmed and comprises of: • irregular expenditure that was under assessment in the previous financial year; • irregular expenditure relating to previous financial year and identified in the current year; and • irregular expenditure incurred in the current year.
21.	Changes in accounting policies, estimates and errors Changes in accounting policies are applied in accordance with MCS requirements. Changes in accounting estimates are applied prospectively in accordance with MCS requirements. Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.
22.	Events after the reporting date Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.
23.	Principal-Agent arrangements The department is party to a principal-agent arrangement for [include details here]. In terms of the arrangement the department is the [principal / agent] and is responsible for [include details here]. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.
24.	Recoverable revenue Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the Statement of Financial Performance when written off.
25.	Related party transactions Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length. The full compensation of key management personnel is recorded in the notes to the financial statements.
26.	Employee benefits The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is recorded in the Employee benefits note. Accruals and payables not recognised for employee benefits are measured at cost or fair value at the reporting date. The provision for employee benefits is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

PART B: EXPLANATORY NOTES

1. Annual Appropriation

1.1 Annual Appropriation

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

Programmes	2025/26				2024/25		
	Final Budget	Actual Funds Received	Funds not requested / not received		Final Budget	Appropriation Received	Funds not requested / not received
	R'000	R'000	R'000		R'000	R'000	R'000
Administration	199 897	199 897	-		166 511	166 511	-
Sector Policy and Research	81 946	81 946	-		45 406	45 406	-
Integrated Co-Operatives and Micro Enterprise Development	489 156	489 156	-		171 199	171 199	-
Enterprise Development, Innovation Entrepreneurship	2 147 123	2 147 123	-		2 036 429	2 036 428	1
Total	2 918 122	2 918 122	-		2 419 545	2 419 544	1

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. Departmental revenue

	Note	2025/26	2024/25
		R'000	R'000
Sales of goods and services other than capital assets	2.1	61	64
Fines, penalties and forfeits	2.2	-	11
Interest, dividends and rent on land	2.3	108	203
Sales of capital assets	2.4	400	240
Transactions in financial assets and liabilities	2.5	195	503 106
Transfers received	2.6	-	211
Total revenue collected		764	503 835
Less: Own revenue included in appropriation		-	-
Total		764	503 835

Proceeds from: Parking fee collected from the department's employees, commission received on third-party deductions, interests earned from commercial bank, sale of ministerial motor vehicle assets, collection of departmental debts and debt write offs, and recoveries made on prior year expenditure.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2.1 Sales of goods and services other than capital assets

	Note	2025/26		2024/25
		R'000		R'000
Sales of goods and services produced by the department		61		64
<i>Sales by market establishment</i>		8		15
<i>Other sales</i>		53		49
Total	2	61		64

Parking fee collected from the department's employees, and commission received on third-party deductions.

The Department discontinued the collection of parking fees from officials due to limited parking availability, which is insufficient to accommodate all employees, particularly within the context of hybrid working arrangements.

2.2 Fines, penalties and forfeits

	Note	2025/26		2024/25
		R'000		R'000
Forfeits		-		11
Total	2	-		11

2.3 Interest, dividends and rent on land

	Note	2025/26		2024/25
		R'000		R'000
Interest		108		203
Total	2	108		203

Interest received from the commercial bank.

2.4 Sales of capital assets

	Note	2025/26		2024/25
		R'000		R'000
Tangible capital assets				
Machinery and equipment		400		240
Total	2	400		240

Proceeds from the auction of two ministerial motor vehicles.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2.5 Transactions in financial assets and liabilities

	Note	2025/26		2024/25
		R'000		R'000
Receivables		181		6
Other receipts including Recoverable Revenue		14		503 100
Total	2	195		503 106

Repayment of departmental debts and recoveries made on prior year expenditure.

2.6 Transfers received

	Note	2025/26		2024/25
		R'000		R'000
Public corporations and private enterprises		-		211
Total	2	-		211

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

	Note	2025/26		2024/25
		R'000		R'000
	Annex 1E			
Gifts		4		5
Donations		8 670		
Sponsorships		89		-
Total gifts, donations and sponsorships received in kind		8 763		5

The Department received a right-of-use of AnroWeb Information Management System: R8.670 million for an information management system software as a donation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. Aid assistance

	Note	2025/26		2024/25
		R'000		R'000
Opening balance		5 792		46 372
Prior period error				
As restated		5 792		46 372
Transferred from Statement of Financial Performance		10 638		18 484
Transfers to or from retained funds		220 904		-
Paid during the year		(226 699)		(59 064)
Closing balance		10 635		5 792

R10.635m repayable to the RDP fund in line with the signed MoA.

National Treasury recalled the R220.9 million that was transferred to the then sefa in the years preceding the current year. These donor funds received are not recognised as Departmental Revenue and do not have a separate revenue account, as such are not presented on the Statement of Financial Performance. The details are however disclosed in Annexure 1F. The payment to the RDP Fund was made against the Exchequer grant account.

3.1 Analysis of balance by source

	Note	2025/26		2024/25
		R'000		R'000
Aid assistance from RDP		10 635		5 792
Aid assistance from other sources		-		-
Closing balance	3	10 635		5 792

R10.635m repayable to the RDP fund in line with the signed MoA.

3.2 Analysis of balance

	Note	2025/26		2024/25
		R'000		R'000
Aid assistance repayable		10 635		5 792
Closing balance	3	10 635		5 792

R10.635m repayable to the RDP fund in line with the signed MoA.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3.3 Aid assistance expenditure per economic classification

	Note	2025/26		2024/25
		R'000		R'000
Current		1 359		9 283
Capital	8	680		3 192
Transfers and subsidies		-		28 454
Total aid assistance expenditure		2 039		40 929

EDSE operational expenditure.

4. Compensation of employees

4.1 Analysis of balance

	Note	2025/26		2024/25
		R'000		R'000
Basic salary		171 103		151 697
Service based		109		120
Compensative/circumstantial		6 443		4 131
Periodic payments		-		2 102
Other non-pensionable allowances		44 197		36 756
Total		221 852		194 806

Basic salaries to officials

4.2 Social contributions

Employer contributions	Note	2025/26		2024/25
		R'000		R'000
Pension		19 819		17 822
Medical		6 409		5 698
Bargaining council		42		35
Total		26 270		23 555
Total compensation of employees		248 122		218 361
Average number of employees		319		298

Employers' contributions related to employees' benefits.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5. Goods and services

	Note	2025/26		2024/25
		R'000		R'000
Administrative fees		2 483		5 053
Advertising		2 585		145
Minor assets	5.1	208		27
Bursaries (employees)		1 595		1 787
Catering		6 599		1 929
Communication		4 394		2 693
Computer services	5.2	6 402		5 890
Consultants: Business and advisory services		6 233		6 800
Legal services		4 875		133
Contractors		11 318		780
Agency and support / outsourced services		361		20
Audit cost - external	5.3	4 277		3 652
Fleet services		1 944		3 186
Inventories	5.4	167 592		46 577
Consumables	5.5	636		1 142
Operating leases		11 974		11 124
Property payments	5.6	2 291		1 450
Rental and hiring		104		-
Travel and subsistence	5.7	49 034		41 666
Venues and facilities		13 940		15 116
Training and development		1 263		2 055
Other operating expenditure	5.8	2 147		1 206
Total		302 255		152 431

Key cost drivers

Inventories: Expenditure for equipment procured for redistribution to IMEDP and BISP beneficiaries.

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

Administrative fees: Travel agency fees, registration fees for MSMEs exposure to international markets, and bank charges.

Venues and facilities: Departmental activities including the G20.

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

Contractors: Departmental activities including the G20.

Catering: Departmental activities including the G20.

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

Consultants: Business and advisory services on different departmental projects.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5.1 Minor assets

	Note	2025/26		2024/25
		R'000		R'000
Tangible capital assets		208		27
Machinery and equipment		208		27
Total	5	208		27

Ergonomic office chairs, and footrest.

5.2 Computer services

	Note	2025/26		2024/25
		R'000		R'000
SITA computer services		3 218		2 622
External computer service providers		3 184		3 268
Total	5	6 402		5 890

Transversal system support, electronic document delivery system, helpdesk & internet service charges, Microsoft services and SigniFlow.

5.3 Audit cost - external

	Note	2025/26		2024/25
		R'000		R'000
Regularity audits		4 277		3 652
Total	5	4 277		3 652

2024/25 Regulatory audit by AGSA

5.4 Inventories

	Note	2025/26		2024/25
		R'000		R'000
Farming supplies		3 750		-
Other supplies	5.4.1	163 842		46 577
Total	5	167 592		46 577

Expenditure for seeds and equipment procured for Business Infrastructure Support Programme.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5.4.1 Other supplies

	Note	2025/26		2024/25
		R'000		R'000
Assets for distribution		163 842		46 577
<i>Machinery and equipment</i>		163 842		46 577
Other		-		-
Total	5.4	163 842		46 577

Expenditure for seeds and equipment procured for Business Infrastructure Support Programme.

5.5 Consumables

	Note	2025/26		2024/25
		R'000		R'000
Consumable supplies		320		713
<i>Uniform and clothing</i>		16		119
<i>Household supplies</i>		205		34
<i>Building material and supplies</i>		43		30
<i>Communication accessories</i>		6		-
<i>IT consumables</i>		-		28
<i>Other consumables</i>		50		502
Stationery, printing and office supplies		316		429
Total	5	636		1 142

Consumable supplies consist of gifts bought for hospitalised employees, clothing allowance for the Ministry staff, office groceries, and stationery for departmental use.

5.6 Property payments

	Note	2025/26		2024/25
		R'000		R'000
Municipal services		1 108		797
Other		1 183		653
Total	5	2 291		1 450

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5.7 Travel and subsistence

	Note	2025/26		2024/25
		R'000		R'000
Local		36 334		32 271
Foreign		12 700		9 395
Total	5	49 034		41 666

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

5.8 Other operating expenditure

	Note	2025/26		2024/25
		R'000		R'000
Professional bodies, membership and subscription fees		31		441
Resettlement costs		128		634
Other		1 988		131
Total	5	2 147		1 206

Operating expenditure related to professional bodies annual fees and resettlement costs.

6. Payments for financial assets

	Note	2025/26		2024/25
		R'000		R'000
Debts written off	6.1	20		3
Total		20		3

The office of the State Attorney recommended that the department write off prescribed debts in line with Section 10(1) of the Prescription Act.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

6.1 Debts written off

Nature of debts written off	Note	2025/26		2024/25
		R'000		R'000
Recoverable revenue written off				
Irrecoverable debts		20		-
Total		20		-
Other debt written off				
Irrecoverable debts		-		3
Total		-		3
Total debt written off	6	20		3

The office of the State Attorney recommended that the department write off prescribed debts in line with Section 10(1) of the Prescription Act.

7. Transfers and subsidies

	Note	2025/26		2024/25
		R'000		R'000
Departmental agencies and accounts	Annex 1A	1 365		1 317 189
Public corporations and private enterprises	Annex 1B	2 046 687		674 108
Non-profit institutions	Annex 1C	9 071		9 388
Households	Annex 1D	1 957		1 641
Total		2 059 080		2 002 326

Transfers to SEDFA for programmes and operations, transfers to agencies for the Craft Customised Support programme, leave discounting, and cash donation to bereaved officials.

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

Nature of debts written off	Note	2025/26		2024/25
		R'000		R'000
	Annex 1J			
Donations		-		17
Total		-		17

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8. Expenditure for capital assets

	Note	2025/26	2024/25
		R'000	R'000
Tangible capital assets		7 114	7 130
Machinery and equipment		7 114	7 130
Intangible capital assets		31	3 240
Software		31	3 240
Total		7 145	10 370

Motor vehicles, voice recorder, laptops, cabinet bulk filing, blue lights, cameras, and Job Access With Speech (JAWS) screen reader software for vision impaired official, as well as cell phone and printing machine contract.

8.1 Analysis of funds utilised to acquire capital assets - 2025/26

Name of entity	2025/26		
	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible capital assets	6 434	680	7 114
Machinery and equipment	6 434	680	7 114
Intangible capital assets	31	-	31
Software	31	-	31
Total	6 465	680	7 145

Motor vehicles, voice recorder, laptops, cabinet bulk filing, blue lights, cameras, and Job Access With Speech (JAWS) screen reader software for vision impaired official, as well as cell phone and printing machine contract.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8.2 Analysis of funds utilised to acquire capital assets - 2024/25

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

8.3 Finance lease expenditure included in Expenditure for capital assets

	Note	2025/26		2024/25
		R'000		R'000
Machinery and equipment		2 587		2 252
Total		2 587		2 252

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

9. Cash and cash equivalents

	Note	2025/26		2024/25
		R'000		R'000
Consolidated Paymaster General Account		94 867		38 155
Disbursements		-		483
Cash on hand		66		66
Investments (Domestic)		-		22
Total		94 933		38 726

Delays in implementing of the department's programs as well as the EDSE program funds contribute to the balance of the PMG.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

10. Prepayments and advances

	Note	2025/26		2024/25
		R'000		R'000
Prepayments (Not expensed)	10.2	212 064		523
Advances paid (Not expensed)	10.1	5 916		5 790
Total		217 980		6 313

Analysis of Total Prepayments and advances				
Current Prepayments and advances		217 980		6 313
Non-current Prepayments and advances		-		-
Total		217 980		6 313

Advance to SEDFA for SBEDS & publicity campaign projects, and prepayment for Microsoft software, DSTV, Signiflow system and payment to a procurement agent for the Asset Assist programme.

10.1 Advances paid (Not expensed)

	Note	2025/26				
		Amount as at 1 April 2025	Less: Amounts expensed in current year	Add / Less: Other	Add Current year advances	Amount as at 31 March 2026
		R'000	R'000	R'000	R'000	R'000
National departments		5 790	-	(5 790)	-	-
Provincial departments		-	-	-	-	-
Public entities		-	(15 084)	-	21 000	5 916
Total	10	5 790	(15 084)	(5 790)	21 000	5 916

Outstanding balance on advance payment to SEDFA the SBEDS programme & publicity campaign.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

10.2 Prepayments (Not expensed)

	Note	2025/26				
		Amount as at 1 April 2025	Less: Amounts expensed in current year	Add / Less: Other	Add Current year prepayments	Amount as at 31 March 2026
		R'000	R'000	R'000	R'000	R'000
Goods and services		523	(2 613)	-	214 154	212 064
Total	10	523	(2 613)	-	214 154	212 064

Outstanding balance from advance payment to a procurement agent for the Asset Assist programme, to a private enterprises for Microsoft licence, SigniFlow and DSTV.

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

11. Receivables

	Note	2025/26			2024/25		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Recoverable expenditure	11.1	-	-	-	(24)	-	(24)
Staff debt	11.2	-	66	66	34	81	115
Other receivables	11.3	6	-	6	-	-	-
Total		6	66	72	10	81	91

The non-current debts were handed over to the State Attorney office.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

11.1 Recoverable expenditure

	Note	2025/26		2024/25
		R'000		R'000
Sal: ACB Recalls		-		(24)
Total	11	-		(24)

11.2 Staff debt

	Note	2025/26		2024/25
		R'000		R'000
Salary overpayment		60		73
Tax debt		6		6
Tool of trade and breach of contract		-		21
Bursary debt		-		15
Total	11	66		115

The office of the State Attorneys is handling the two long outstanding debts, and one by the Employee Relations office.

11.3 Other receivables

	Note	2025/26		2024/25
		R'000		R'000
Unauthorised expenditure		-		-
Irregular expenditure		-		-
Fruitless and wasteful expenditure		6		-
Total	11	6		-

12. Voted funds to be surrendered to the Revenue Fund / (Voted funds receivable)

	Note	2025/26		2024/25
		R'000		R'000
Opening balance		39 245		44 481
Prior period error				
As restated		39 245		44 481
Transferred from Statement of Financial Performance (as restated)		302 180		39 246
Add: Unauthorised expenditure for the current year				
Voted funds not requested/not received	1.1	-		(1)
Received / (Paid) during the year		(39 245)		(44 481)
Closing balance		302 180		39 245

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

	Note	2025/26		2024/25
		R'000		R'000
Opening balance		4		2 310
Prior period error				
As restated		4		2 310
Transferred from Statement of Financial Performance (as restated)		764		503 835
Paid during the year		(743)		(506 141)
Closing balance		25		4

The short deposit of to be surrendered to the National Revenue Fund in April 2026.

14. Payables – current

	Note	2025/26		2024/25
		R'000		R'000
Clearing accounts	14.1	139		53
Total		139		53

14.1 Clearing accounts

Description	Note	2025/26		2024/25
		R'000		R'000
Sal: Income Tax		129		53
Sal: Pension Fund		10		-
Total	14	139		53

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

15. Net cash flow available from operating activities

	Note	2025/26		2024/25
		R'000		R'000
Net surplus/(deficit) as per Statement of Financial Performance		313 582		561 565
Add back non-cash/cash movements not deemed operating activities		(250 615)		(581 943)
(Increase)/decrease in receivables		4		16
(Increase)/decrease in prepayments and advances		(211 667)		17 609
Increase/(decrease) in payables - current		86		(11)
Proceeds from sale of capital assets		(400)		(240)
Expenditure on capital assets		7 145		10 370
Surrenders to / Received from the Revenue Fund		(39 988)		(550 622)
Surrenders to RDP Fund/Donors		(5 795)		(59 064)
Voted funds not requested/not received		-		(1)
Net cash flow generated by operating activities		62 967		(20 378)

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

	Note	2025/26		2024/25
		R'000		R'000
Consolidated Paymaster General account		94 867		38 155
Disbursements		-		483
Cash on hand		66		66
Cash with commercial banks (Local)		-		22
Total		94 933		38 726

Delays in implementing and spending on DSBD programs as well as the EDSE funds contributed to the increase in PMG balance.

17. Contingent liabilities and contingent assets

17.1 Contingent liabilities

Liable to	Nature	Note	2025/26		2024/25
			R'000		R'000
Claims against the department		Annex 2	800		800
Total			800		800

DSBD has been formally joined as a party to the proceedings-. All pleadings between the parties have been exchanged, and the matter is currently awaiting set-down for hearing by the applicants.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

18. Capital commitments

	Note	2025/26	2024/25
		R'000	R'000
Machinery and equipment		1 920	675
Total		1 920	675

Procurement of departmental vehicles.

19. Accruals and payables not recognised

19.1 Accruals

Listed by economic classification	Note	2025/26			2024/25
		30 Days	30+ Days	Total	Total
		R'000	R'000	R'000	R'000
Goods and services		3 211	789	4 000	3 252
Capital assets		(168)	-	(168)	10
Total		3 043	789	3 832	3 262

19.2 Payables not recognised

Listed by economic classification	Note	2025/26			2024/25
		30 Days	30+ Days	Total	Total
		R'000	R'000	R'000	R'000
Goods and services		17	20	38	336
Capital assets		258	-	258	4
Total		275	20	295	341

20. Employee benefits

	Note	2025/26	2024/25
		R'000	R'000
Leave entitlement		13 551	12 861
Service bonus		6 083	5 269
Performance awards		-	-
Capped leave		1 263	1 201
Other		22	29
Total		20 919	19 360

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

21. Lease commitments

21.1 Operating leases

	2025/26				
	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	-	-	-	87	87
Later than 1 year and not later than 5 years	-	-	-	-	-
Later than 5 years	-	-	-	-	-
Total lease commitments	-	-	-	87	87

	2024/25				
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	-	-
Later than 1 year and not later than 5 years	-	-	-	-	-
Later than 5 years	-	-	-	-	-
Total lease commitments	-	-	-	-	-

The Department's office rental agreements are on a month-to-month basis. The balance relates to the water coolers contract.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

21.2 Finance leases **

	2025/26				
	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	-	-	-	791	791
Later than 1 year and not later than 5 years	-	-	-	338	338
Later than 5 years	-	-	-	-	-
Total lease commitments	-	-	-	1 129	1 129

	2024/25				
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	1 786	1 786
Later than 1 year and not later than 5 years	-	-	-	279	279
Later than 5 years	-	-	-	-	-
Total lease commitments	-	-	-	2 065	2 065

Cell phone and data contract.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

22. Unauthorised, Irregular and Fruitless and wasteful expenditure

	Note	2025/26		2024/25
		R'000		R'000
Unauthorised expenditure - current year		-		-
Irregular expenditure - current year		-		1 235
Fruitless and wasteful expenditure - current year		-		6
Total		-		1 241

23. Related party transactions

DSBD has oversight responsibility over its public corporation, SEDFA.

24. Key management personnel

	Note	2025/26		2024/25
		R'000		R'000
Political office bearers <i>(provide detail below)</i>		5 080		5 521
Officials:		-		-
Level 15 to 16		13 087		11 438
Level 14 incl. CFO		16 923		14 715
Family members of key management personnel		-		-
Total		35 090		31 674

25. Provisions

	Note	2025/26		2022/3
		R'000		R'000
<i>Please specify</i>				
Business Infrastructure Support Programme (BISP)		122 641		28 232
Total		122 641		28 232

Delays in the commencement of the Business Infrastructure Support Programme (BISP) affected the settlement of provisions.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

25.1. Reconciliation of movement in provisions – Current year

	2025/26			
	Provision 1	Provision 2	Provision 3	Total provisions
	R'000	R'000	R'000	R'000
Opening balance	28 232	-	-	28 232
Increase in provision	350 403	-	-	350 403
Settlement of provision	(255 995)	-	-	(255 995)
Unused amount reversed	-	-	-	-
Reimbursement expected from third party	-	-	-	-
Change in provision due to change in estimation of inputs	-	-	-	-
Closing balance	122 641	-	-	122 641

Reconciliation of movement in provisions – Prior year

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

26. Movable Tangible Capital Assets

Movement in movable tangible capital assets per asset register for the year ended 31 March 2026

	2025/26				
	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Machinery and equipment	27 556		5 048	1 560	31 044
Transport assets	9 561		805	-	10 366
Computer equipment	11 647		3 210	1 550	13 307
Furniture and office equipment	2 917		85	10	2 993
Other machinery and equipment	3 431		948	-	4 379
Finance lease assets	3 578		682	580	3 681
Finance lease assets	3 578		682	580	3 681
Total movable tangible capital assets	31 134	-	5 731	2 140	34 725

Motor vehicles, voice recorder, laptops, cabinet bulk filing, blue lights, cameras, as well as cell phone and data contract.

Movable tangible capital assets under investigation

	Note	Number	Value	
				R'000
Included in the above total of the movable tangible capital assets per the asset register that are under investigation:				
Machinery and equipment		36		842
Total		36		842

Cases of damaged and lost assets have been identified and are currently under investigation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

26.1 Movement in movable tangible capital assets per asset register for the year ended 31 March 2025

	2024/25				
	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Machinery and equipment	25 721	-	4 985	3 150	27 556
Transport assets	7 842	-	2 873	1 155	9 561
Computer equipment	11 585	-	2 011	1 949	11 647
Furniture and office equipment	2 852	-	87	22	2 917
Other machinery and equipment	3 442	-	14	25	3 431
Finance lease assets	2 769	-	948	139	3 578
Finance lease assets	2 769	-	948	139	3 578
Total movable tangible capital assets	28 490	-	5 933	3 289	31 134

26.2 Minor assets

Movement in minor capital assets per the asset register for the year ended 31 March 2026

	2025/26						
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Finance lease assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	1 146	-	34	1 180
Value adjustments					-		-
Additions	-	-	-	230	-	14	245
Disposals	-	-	-	11	-	23	34
Total minor assets	-	-	-	1 366	-	25	1 390

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Finance lease assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Number of R1 minor assets	-	-	-	-	-	-	-
Number of minor assets at cost	-	-	-	564	-	6	570
Total number of minor assets	-	-	-	564	-	6	570

Minor capital assets under investigation

	Note	Number	Value
			R'000
Included in the above total of the minor capital assets per the asset register that are under investigation:			
Intangible assets		-	-
Machinery and equipment		6	14

Cases of damaged and lost assets have been identified and are currently under investigation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Movement in minor capital assets per the asset register for the year ended 31 March 2025

	2024/25						
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Finance lease assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	1 136	-	59	1 195
Prior period error	-	-	-	-	-	-	-
Additions	-	-	-	27	-	-	27
Disposals	-	-	-	16	-	25	41
Total minor assets	-	-	-	1 146	-	34	1 180

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Finance lease assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Number of R1 minor assets	-	-	-	-	-	-	-
Number of minor assets at cost	-	-	-	475	-	9	484
Total number of minor assets	-	-	-	475	-	9	484

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

26.3. Movable capital assets written off

Movable capital assets written off for the year ended 31 March 2026

	2025/26						
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Finance lease assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Assets written off	-	-	-	179	-	20	199
Total movable assets written off	-	-	-	179	-	20	199

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Finance lease assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Assets written off	-	-	-	271	-	-	271
Total movable assets written off	-	-	-	271	-	-	271

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

27. Intangible Capital Assets

Movement in intangible capital assets per asset register for the year ended 31 March 2026

	2025/26			
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Software	2 998	31		3 029
Total intangible capital assets	2 998	31		3 029

Job Access With Speech (JAWS) screen reader software for vision impaired official.

27.1 Movement in intangible capital assets per asset register for the year ended 31 March 2025

	2024/25				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Software	2 964	-	48	14	2 998
Total intangible capital assets	2 964	-	48	14	2 998

27.2 Intangible capital assets: Capital Work-in-progress

Capital work-in-progress for the year ended 31 March 2026

	Note	Opening balance 1 April 2025	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2026
		R'000	R'000	R'000	R'000
Intangible assets	Annex 3	23 424	-	-	23 424
Total		23 424	-	-	23 424

Capital work-in-progress for the year ended 31 March 2025

	Note	Opening balance 1 April 2024	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2025
		R'000	R'000	R'000	R'000	R'000
Intangible assets		20 232	-	3 192	-	23 424
Total		20 232	-	3 192	-	23 424

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

28. Principal-agent

28.1 Department acting as the principal

	Note	2025/26		2022/3
		R'000		R'000
Sky Tents		211 554		-
Total		211 554		-

DSBD runs and controls the Asset Assist Funding Programme, and Sky Tents acts as an agent on behalf of DSBD. Sky Tents is appointed to administer and facilitate multiple beneficiary applications and distribution of goods to approved applicants, thus acting on behalf of DSBD and earns 12.5% Management Fee. A prepayment of R212 million was made.

29. Broad Based Black Economic Empowerment performance

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

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1A

Statement of transfers to Departmental Agencies and Accounts

Departmental Agency or Account	2025/26						2024/25	
	TRANSFER ALLOCATION				TRANSFER			
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
SEDA: Technology Programme	-	-	-	-	-		167 672	167 672
Small Enterprise Develop Agency	-	-	-	-	-		1 131 397	1 131 397
SEDA: Capacity Build Prog for EC	-	-	-	-	-		17 005	17 005
PROV DA:GP Tourism Authority	1 278	-	-	1 278	1 278	100.0%	1 115	1 115
PROV DA: KZN Trade & Investment	87	-	-	87	87	100.0%	-	-
Total	1 365			1 365	1 365		1 317 189	1 317 189

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1B

Statement of Transfers/Subsidies to Public Corporations and Private Enterprises

Name of public corporation / private enterprise	2025/26								2024/25	
	GRANT ALLOCATION				EXPENDITURE					
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of Available funds transferred	Capital	Current	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Public Corporations										
Transfers	1 915 247	-	-	1 915 247	1 909 555	99.7%	-	1 909 555	1 286 498	1 286 498
EC: Development Corporation	1 725	-	-	1 725	1 725	100.0%	-	1 725	1 718	1 718
LIM: Economic Dev Agency	225	-	-	225	225	100.0%	-	225	642 390	642 390
SEDFA	1 913 296	-	-	1 913 296	1 907 604	99.7%	-	1 907 604	-	-
Industrial Dev Corp-SA LTD: SEFA	-	-	-	-	-		-	-	642 390	642 390
SABC- TV Licences	1	-	-	1	1	100.0%	-	1	-	-
Subtotal: Public Corporation	1 915 247	-	-	1 915 247	1 909 555	99.7%	-	1 909 555	1 286 498	1 286 498
Private Enterprises										
Transfers	179 846	-	-	179 846	137 132	76.2%	137 132	-	53 289	30 000
Product Market	179 846	-	-	179 846	137 132	76.2%	137 132	-	53 289	30 000
Subtotal: Private Enterprise	179 846	-	-	179 846	137 132	76.2%	137 132	-	53 289	30 000
Total	2 095 093			2 095 093	2 046 687	97.7%	137 132	1 909 555	1 339 787	1 316 498

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1C

Statement of Transfers to Non-Profit Institutions

Non-profit institutions	2025/26						2024/25	
	TRANSFER ALLOCATION				EXPENDITURE			
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers								
Bokone Craft & Design Institute NPC	4 026			4 026	4 025	100.0%	4 700	4 700
Cape Craft & Design Institute	5 046			5 046	5 046	100.0%	4 688	4 688
Total	9 072			9 072	9 071		9 388	9 388
Total	9 072			9 072	9 071		9 388	9 388

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1D

Statement of Transfers to Households

	2025/26						2024/25	
	TRANSFER ALLOCATION				EXPENDITURE			
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Household								
Transfers								
Employee Social Benefits	1 927			1 927	1 915	99.4%	1 239	1 236
Other Transfers	42			42	42	100.0%	406	405
Total	1 969			1 969	1 957		1 645	1 641
Total	1 969			1 969	1 957		1 645	1 641

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1E

Statement of Gifts, Donations and Sponsorships Received

Name of organisation	Nature of gift, donation or sponsorship	2025/26	2024/25
		R'000	R'000
Received in kind			
Gifts			
Host for Township conference	Carrol Boyes notebook and pen set	-	0
Old Mutual	2 Tickets to attend Old Mutual music in the gardens	-	3
MSME product marketing	MSME product marketing	-	1
Eco car rental and Chinese Embassy	Biscuits, Le Creuset water bottle and wine	-	1
Pakistani carpet	Meeting with the Pakistan Minister	4	-
Total gifts		4	5
Donations			
AnroWeb	Information Management System	8 670	-
Total donations		8 670	-
Sponsorships			
Complementary ticket	To attend SITA GovTech conference	18	-
Nigerian government	Attend funding for knowledge exchange	71	-
Total sponsorships		89	-
Subtotal – received in kind		8 763	5
Total gifts, donations and sponsorships received		8 763	5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1F

Statement of Aid Assistance received

Name of donor	Purpose	Opening balance	Revenue	Expenditure	Paid back on / by 31 March 2026	Closing balance
		R'000	R'000	R'000	R'000	R'000
Aid assistance received in cash						
European Union	The employment promotion through SMME's support programme	5 792	12 677	2 039	5 795	10 635
SEDFA/EU funds	EDSE funds on hold with SEDFA - The RDP requested SEDFA to return the funds.	-	220 904	-	220 904	-
Subtotal		5 792	233 581	2 039	226 699	10 635
Total aid assistance received		5 792	233 581	2 039	226 699	10 635

The National Treasury RDP Office requested the R220 904 106.65 funds which was held by SEDFA to be returned. These funds are not reflected in the face of the financial statements, as the Modified Cash Standard (MCS) does not recognise such balances, however, covered in the Annexure of the AFS.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1G

Statement of Gifts, Donations and Sponsorships made

Nature of gift, donation or sponsorship <i>(Group major categories but list material items including name of organisation)</i>	2025/26	2024/25
	R'000	R'000
Made in kind		
Donations		
Sanitary pads	-	17
Total donations	-	17
Total gifts, donations and sponsorships made in kind	-	17

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 2

Statement of Contingent Liabilities as at 31 March 2026

	Opening balance 1 April 2025	Liabilities incurred during the year	Liabilities paid / cancelled / reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2026
Nature of liability	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Gravity International Print and Design	800	-	-	-	800
Subtotal	800	-	-	-	800
Total	800	-	-	-	800

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 3

Movement in Capital Work in Progress

Movement in capital work in progress for the year ended 31 March 2026

	Opening balance	Current year CWIP	Ready for use (Asset Register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000
Software	23 424	-	-	23 424
Software	23 424	-	-	23 424
Total	23 424	-	-	23 424

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

	Opening balance	Prior period error	Current year CWIP	Ready for use (Asset Register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000	R'000
Software	20 232	-	3 192	-	23 424
Software	20 232	-	3 192	-	23 424
Total	20 232	-	3 192	-	23 424

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 4

Inter Entity Advances Paid (Note 10)

Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/3/2026	31/03/2025	31/3/2026	31/03/2025	31/3/2026	31/03/2025
	R'000	R'000	R'000	R'000	R'000	R'000
National Departments						
Department of Agriculture, Land Reform and Rural Development	-	5 790	-	-	-	5 790
Subtotal	-	5 790	-	-	-	5 790
Public entities						
Small Enterprise Development and Finance Agency (Sedfa)	5 916	-	-	-	5 916	-
Subtotal	5 916	-	-	-	5 916	-
Total	5 916	5 790	-	-	5 916	5 790

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 5

Analysis of Prepayments and Advances (Notes 10.1 To 10.2)

Name of Entity	Sector of the entity	Description of the item paid for	Classification category	Total Contract Value R'000	Balance outstanding as at 31 March 2025 R'000	Total amount prepaid / advanced in the current year R'000	Less: goods, services or capital assets received in the current year R'000	Add/Less: Other R'000	Balance outstanding as at 31 March 2026 R'000
Prepayments									
Microsoft Corporation	Private	Software licensing	Goods and services	2 757	473	2 297	(2 311)	-	459
MultiChoice	Private	Satellite television service	Goods and services	53	-	53	(53)	-	-
Neo Technologies	Private	Signiflow license	Goods and services	250	50	250	(250)	-	50
Sky Tents	Private	Asset assist program	Goods and services	211 554	-	211 554			
Total prepayments				214 614	523	214 154	(2 614)		212 063
Advances									
Small Enterprise Development and Finance Agency	Public	Travel and subsistence	Public Entity	19 500	-	19 500	(15 084)	-	4 416
Small Enterprise Development and Finance Agency	Public	Marketing and communications	Public Entity	1 500	-	1 500	-	-	1 500
Total advances				21 000	-	21 000	(15 084)	-	5 916
Total prepayments and advances				235 614	523	235 154	(17 698)	-	217 979



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