

Department of Small Business Development

ANNUAL REPORT 2019/20



**small business
development**

Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA



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PART A:

GENERAL INFORMATION



1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS

ADG	Acting Director-General
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
ARC	Audit and Risk Committee
B-BBEE	Broad-based Black Economic Empowerment
BBSDP	Black Business Supplier Development Programme
BDM	Business Delivery Model
BLSE	Buy Local Summit and Expo
CDA	Co-operatives Development Agency
CFERI	Centre for Entrepreneurship Rapid Incubation
CIPC	Company and Intellectual Property Commission
CIS	Co-operatives Incentive Scheme
CoE	Compensation of Employees
CoGTA	Cooperative Governance and Traditional Affairs
CSD	Central Supplier Database
DG	Director-General
DDG	Deputy Director-General
DHET	Department of Higher Education and Training
DPSA	Department of Public Service and Administration
DSBD	Department of Small Business Development
EE	Equal Employment
EHW	Employment Health and Wellness
Exco	Executive Committee
GDP	Gross Domestic Product
G&S	Goods and Services
HCT	HIV Counselling and Testing
HR	Human Resources
ICD	International Co-operatives Day
ICT	Information and Communication Technology
IDC	Industrial Development Corporation
ICAS	Independent Counselling and Advisory Services
IMEDP	Informal Micro Enterprise Development Programme
IPAP	Industrial Policy Action Plan

KCG	Khula Credit Guarantee
LED	Local Economic Development
MPAT	Management Performance Assessment Tool
MTSF	Medium Term Strategic Framework
NGP	New Growth Path
NIBUS	National Informal Business Upliftment Strategy
NMOG	National Macro Organisation of Government
NT	National Treasury
NYDA	National Youth Development Agency
ODG	Office of the Director-General
OECD	Organisation for Economic Cooperation and Development
OHS	Occupational Health and Safety
PFMA	Public Finance Management Act
PSCBC	Public Service Coordinating Bargaining Council
PWD	Persons With Disability
RDP	Reconstruction Development Programme
RMI	Retail Motor Industry
RTRP	Red-Tape Reduction Programme
SAEEC	South African Electro-Technical Export Council
SBD	Small Business Development
SBIF	Small Business and Innovation Fund
SCM	Supply Chain Management
SDIP	Service Delivery Improvement Plan
Seda	Small Enterprise Development Agency
sefa	Small Enterprise Finance Agency
SETA	Sector Education and Training Authority
SLA	Service Level Agreement
SME	Small and Medium Enterprises
SMMEs	Small, Medium and Micro Enterprises
SMS	Senior Management Service
SOP	Standard Operating Procedures
TVET	Technical and Vocational Education and Training

3. FOREWORD: MINISTER FOR SMALL BUSINESS DEVELOPMENT



Ms Khumbudzo Ntshavheni, MP
Minister for Small Business Development

The 2019/20 financial year heralded the sixth administration with new priorities to build a better South Africa and commenced the last decade of vision 2030 as espoused in the National Development Plan, Vision 2030 (NDP). As the NDP advocates the role of SMMEs or small businesses including Co-operatives in the economic development trajectory of South Africa, the sixth administration prioritised the implementation of the NDP goals in particular as it relates to small business development. Therefore, the mandate of the Department of Small Business Development for the sixth administration was set as follows:

- Support small businesses to create more jobs and contribute 90% of the jobs by 2030;
- Facilitate improved access to finance by Small, Medium and Micro Enterprises (SMMEs) including Co-operatives;
- Facilitate access to markets for SMMEs;
- Support township and rural entrepreneurship and implement the Township Entrepreneurship Fund;
- Support early stage entrepreneurship (business start-ups) as part of supporting young people to become job creators;
- Support women entrepreneurship as part of improving the position of women in society and alleviate the scourge of gender-based violence; and
- Create an environment conducive for SMMEs and Co-operatives to conduct sustainable businesses.

To achieve these priorities, the Department opted for a model where it focuses on setting policy direction, providing

frameworks to guide implementation whilst it allows the agencies with more agile systems focus on implementation. This allows the Department to be more robust in monitoring and guiding performance and objective in measuring the impact of the interventions. As a result of this model, R1.762 billion (77.7%) from the Department's budget of R2.269 billion was allocated to the agencies.

In his first State of the Nation Address for the sixth administration, His Excellency President Ramaphosa set off this mandate by announcing the introduction of the blended finance model for funding SMMEs and the Township Entrepreneurship Fund. The Department developed the Funding Framework for the blended financing model and set aside an amount of R80 million and appointed **sefa** as an implementation agent. The model involves the mixing of loans with grants to lower the cost of capital and strengthens the capital structures of SMMEs thus increasing their chances of sustainability. The Annual Report of **sefa** details the number of SMMEs that were funded through the Blended Funding Model during the financial year under review. This model is our new way of doing things, but it is conditional on SMMEs and Co-operatives satisfying critical developmental mandates such as job creation targets (a minimum of 10 jobs).

The Department was given until November 2019 to complete the conceptual framework for the Township Entrepreneurship Fund, and on the 4th March 2020, the Cabinet was able to consider and approve the Conceptual Framework for the Township and Rural Entrepreneurship Programme that is funded through the Township Entrepreneurship Fund. The delay was caused by protracted engagements to secure budget for the Township Entrepreneurship Fund as a framework could not be finalised without agreement on the necessary funding model.

During the financial year under review, the Department approved the policy framework that allowed **sefa** to commence with the implementation of the Small Business Innovation Fund (SBIF) as part of stimulating early-stage innovation-driven entrepreneurship. In addition, the Department launched and rolled-out a Pitch-for-Funding business development platform, which provided youth-owned enterprises with opportunities to present their business plans for funding without the hassles of completing complicated application forms. The Department coordinated and hosted Pitch for Funding sessions across the provinces. The Pitch for Funding programme was amongst the core elements of the departmental strategy to facilitate access

to finance and business development for at least 100 000 youth-owned enterprises over the Medium-Term Expenditure Framework (MTSF).

There is consensus that the sustainability of SMMEs is also affected by the red tape these enterprises are confronted with in the business environment. Part of the impediment for access to finance is the complexity of application forms that SMMEs and Co-operatives must complete whilst applying for funding. During the 2019/20 financial year, the Department coordinated the development of a Common Application Template for use by both the Small Enterprise Development Agency (Seda) and **sefa**, and other two SMME-funding DFIs. The two agencies commenced the utilisation of the common application form in the financial year under review. The Common Application Template allows for an application form to be redirected between **sefa** and Seda without the need for completing a new application form when referred to a different agency. It was planned that the use of the Common Application Template would be extended to other government SMME-funding agencies as part of synchronising SMME support, but this plan derailed with the setting in of the Covid-19 global pandemic. Furthermore, the amendment of the National Small Enterprise Act to give effect to the SMME Ombud service could not be concluded although significant progress had been registered.

The onset of Covid-19 pandemic drastically affected the fourth quarter of the 2019/20 financial year as budgets and programmes were reprioritised to focus on immediate relief measures. The budgeted amount of R299 million was reprioritised for the last quarter of 2019/20 financial year towards the SMME Debt Relief Scheme, which redirected work

from the targets of the last quarter to the Covid-19 response plan. The SMME Debt Relief Scheme was the first intervention the Department and its agencies planned and executed to assist SMMEs and Co-operatives who could not meet their financial obligations such as rent, utilities, and salaries through affordable loans. Other reprioritised programmes and budgets will be reported on in the 2020/21 financial year.

The task at hand would have been more difficult without the support and cooperation in the leadership role of the Deputy Minister for Small Business Development, Hon. Nokuzola Capa, the dedication to duty and efforts of the acting Director-General, Mr Lindokuhle Mkhumane, the management team and entire staff of the Department of Small Business Development. Despite the challenges and the mammoth task ahead of us, I can always count on the cohesion and ability to put shoulder to the wheel by this very small team.

We also appreciate the guidance and contribution to the work of supporting small businesses in South Africa by both the Portfolio Committee on Small Business Development and the Select Committee on Trade and Industry, Labour and Employment, Tourism and Small Business Development. The oversight role is essential in keeping us focused on achieving the targets that we have set for ourselves in pursuit of fulfilling the expectations of our people.



Khumbudzo Ntshavheni, MP

Minister for Small Business Development

4. STATEMENT BY DEPUTY MINISTER



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

A reflection of the previous financial year is always a reminder of our broad objectives and, in essence, it is stock-taking of what has been achieved. The 2019/20 period began like most financial years; however, it ended quite differently due to the COVID-19 pandemic. It is almost impossible not to hasten to mention the impact of the pandemic on Small, Medium and Micro Enterprises (SMMEs) and Co-operatives as it is known that their mortality rate is relatively high. In the 2020/21 financial year, it is expected that the situation would worsen due to prevailing difficult economic conditions as a result of the pandemic.

Under the stewardship of Minister Khumbudzo Ntshavheni, the Department remained steadfast on its primary objective, which is to support and empower SMMEs and Co-operatives.

The 2019/20 financial year also marked the beginning of the new administration following the 2019 general elections. It was vital that as we adopt the fifth administration programmes and initiatives, we also had to re-evaluate their responsiveness to the needs of the SMMEs and Co-operatives. In the sixth administration we introduced new measures and these had to be aligned to our strategic objectives based on the new plans. Amongst other critical changes was the re-organisation of the Department, which led to new broad divisions introduced, namely: Sector Policy and Research, Integrated Co-operatives Development and Enterprise Development and Entrepreneurship.

During the period under review, we had planned to support Co-operatives to the value of the R87.9 million; however, only supported Co-operatives to the value of the R85.7 million.

This is not a significant variance considering the claim process which at times overlaps to the next financial year.

The Department of Small Business Development (DSBD) has embarked on a journey to coordinate SMMEs and Co-operatives activities throughout the economic landscape irrespective of their sectoral participation. This has also brought about our focus on creating and adopting a One-Stop Model with the intention to centralise services and make it easier for entrepreneurs to access government economic offerings. Township and rural enterprises would be the biggest beneficiaries of our localisation strategy as we integrate opportunities in townships and rural areas into productive business ventures. At the heart of this strategy is a focus on creating markets for South African SMMEs and Co-operatives produced products and services to drive industrialisation through targeted import substitution and supporting utilisation of local skills and services in the infrastructure build programme.

It remains a myth that life will go back to normal post the COVID-19 pandemic. A lot has changed in South Africa and the world. People's behaviour has been altered for good. The use of technology is now mandatory in our daily lives. The SMMEs and Co-operatives have been painfully impacted by the unavoidable consequences of lockdown regulations due to the COVID-19 pandemic. The new norm has compelled many to adjust, from those who could not operate digitally, to those who could not accept electronic payment. Now a higher percentage of transactions are done online, be it ordering food or making a payment for your order and consequently data has become a new currency.

It is a known fact that whilst the pandemic has adversely affected many sectors of the economy, it has also brought about new opportunities for others. Young people in the majority have become creative and started online businesses, created Apps and a range of innovative technology-based creations. In the logistics and transportation sector, we have seen new modes of delivery or existing ones increasing their share, such as the scooter businesses.

I am grateful to have been part of such a dedicated team of officials, led by our Acting Director-General, Mr Lindokuhle Mkhumane, under the visionary Minister Ntshavheni. The 2019/20 financial year has seen great improvement in performance and enhanced resource allocation towards SMMEs and Co-operatives. I thank you!

A handwritten signature in black ink, appearing to read 'Z. Capa', written over a light blue horizontal line.

Ms Zoleka Rosemary Capa, MP
Deputy Minister For Small Business Development

5. REPORT OF THE ACCOUNTING OFFICER

5.1 Introduction

We have come to the end of the fifth administration and the commencement of the sixth administration. It is a year that has been marked by various changes and challenges in the SMMEs and Co-operatives sector. It is also, a year that has seen several achievements for our Department; most importantly, it is a year that has seen the Minister for Small Business Development's guidance, leadership and commitment see us through these challenges.

For the year under review, the adjusted budget of the Department was R2.269 billion. A total of R2.229 billion (98.2%) was spent as at 31 March 2020, resulting in under expenditure of R39.8 million (1.8%). Transfers and subsidies contribution amounted to R20 million (50.3%), whilst the Compensation of Employees (CoE) and Goods and Services (G&S) contributed R14.4 million (36.3%) and R4.9 million (12.3%), respectively. During the 2019/20 period, the transfers and subsidy programmes or incentives that underperformed were the Black Business Supplier Development Programme (BBSDP) at R14.6 million, National Informal Business Upliftment Strategy (NIBUS) at R3.2 million and Co-operatives Incentive Scheme (CIS) at R2.3 million.

Despite the limited financial resources and a number of vacancies, the overall performance of the Department set at 67%. A total of 27 annual targets were set out in the revised 2019/20 Annual Performance Plan (APP), of which 18 (67%) were achieved and nine (33%) were not achieved.

The Department is committed to lead and coordinate an integrated approach to the promotion and development of entrepreneurship, SMMEs and Co-operatives to ensure an enabling legislative and policy environment to support growth and sustainability of this critical sector. The SMMEs and Co-operatives Sector remains our priority to ensure that we realise a transformed and inclusive economy that is driven by sustainable and innovative SMMEs and Co-operatives.

This Annual Report provides a comprehensive account on matters that affect the Department, from an operational to strategic perspective and from a financial perspective, an overview of the operations of the Department, the results and challenges, briefly commenting on significant events and projects for the year under review.

5.2 Overview of the Operations of the Department:

Administration

During the year under review, the Administration programme was responsible for the provision of strategic leadership, management and support services to the Minister, Deputy Minister, Office of the Director-General, and the Department at large. The programme has ensured that the Department's mandate is successfully implemented through sustainable and integrated support services that are customer centred.

The public entities reporting to the Department are instrumental in carrying out the Department's programmes and promoting developmental and transformational objectives. The Department continues to provide leadership and strengthen its oversight function over the public entities for them to perform optimally.

Despite the high vacancy rate in the Department, we can report that in terms of staffing, the Department has 2.4% of persons with disabilities and 55.9% of women in Senior Management Service (SMS) positions. We also contribute immensely to the Government Internship Programme.

The Department's performance with regard to compliance with section 38(1)(f) of the Public Finance Management Act (PFMA), 1999, for the processing of payments within 30 days, the Department recorded 100% payments to eligible creditors processed within 30 days.

Sector Policy and Research

The Department has made great strides in creating a conducive environment to support the growth of SMMEs and Co-operatives. On enabling legislative and policy environment, the proposed amendments of the National Small Enterprise Bill were finalised and presented to Cabinet. Notably, these refer to the establishment of the Small Enterprise Ombud Service that was drafted and incorporated into the National Small Enterprise Amendment Bill. The draft bill also included additional issues on regulating unfair business-to-business practice which resulted in the whole draft Bill sent back for further refinement and resubmission. The Department will fine-tune the unfair business-to-business component of the Bill and resubmit to Cabinet for approval to publish the Bill for public comments.

The Department planned to roll out 16 Red-Tape Reduction Awareness Programmes in municipalities during the year under review and managed to roll out 33 Red-Tape Reduction Awareness Programmes. This overachievement can be attributed to the diligence, commitment and hard work of staff in the Department, as well as the level of support and counsel that was received from the Political Principals and provinces.

Integrated Co-operatives Development

In pursuing scaled-up and coordinated support for SMMEs, Co-operatives, Village and Township economies and expand their access to finance through partnerships and innovative service offerings Strategic Objectives, the Department created an enabling environment that facilitated growth and development of SMMEs and Co-operatives through the provision of access to market and product development support services and thus contributing to advancing economic growth, job creation and social cohesion in the sector. This included developing four product markets roll out plans for SMMEs and Co-operatives, achieved by working with public and private partners through partnership agreements in four provinces, which are the North West (Home Industries and Fashion), Mpumalanga (Steel), Limpopo (Agricultural) and Eastern Cape (Clothing). Additionally, the Department managed to ensure that the set target for 20 SMMEs and Co-operatives whose product quality has been tested and improved were identified and supported. Technical support was also provided with the aim to scale up coordinated support aimed at improving the quality of the products and services from SMMEs and Co-operatives.

The Department further secured three Partnership Agreements with industry bodies that include the South African Electro-Technical Export Council, SA-German Chamber of Commerce and Proudly South African, in order to leverage business opportunities flowing from trade agreements and large transactions for SMMEs and Co-operatives.

Enterprise Development and Entrepreneurship

The Department, through support programmes such as Blended Finance and the BBSDP, managed to expand access to finance to SMMEs and Co-operatives by R80 million and R111 million respectively, per programme. The R80 million

was transferred to sefa (Small Enterprise Finance Agency) for the implementation of the Blended Finance Programme. Moreover, the Department partnered with the National Youth Development Agency (NYDA) to support 268 youth-owned enterprises, as part of the 1 000 that was mandated by President Ramaphosa in his 2020 State of the Nation Address.

In the year under review, the Informal and Micro Enterprise Development Programme (IMEDP) was able to support a total of 3 524 informal traders, against a target of 1 000. The total disbursements amounted to R55.8 million. In addition, a total of 2 535 Crafters were supported through the Craft Customised Sector Programme. The programme also focused on the development of informal business with a view to stimulate radical economy that will lead to increased employment, poverty alleviation and reduced inequality.

The Enterprise Development and Entrepreneurship programme continued to deepen its support to SMMEs and Co-operatives, with main focus placed in township and rural areas. Through the Enterprise and Incubation Programme, six digital hubs were established in rural and township areas, thereby intensifying support to existing SMMEs and Co-operatives and ensuring their sustainability. A draft Small Business Master Plan was also developed to provide guidance in scaling up and coordinating support for SMMEs and Co-operatives.

The Department in building partnerships and accelerating growth for SMMEs and Co-operatives, the Local Economic Development (LED) programme worked alongside the Minister, Deputy Minister and officials from various Municipalities to transition the LED mandate of the DSBD into the Cooperative Governance and Traditional Affairs (CoGTA)-led District Development Model of Government. The year under review was marked by a massive campaign that focused on the initiative to support SMMEs and Co-operatives in District Municipalities in all Provinces. The work included working with Small Enterprise Development Agency (Seda) and Small Enterprise Finance Agency (sefa) on Pitch for Funding initiatives to SMMEs and Co-operatives throughout the identified Districts. Included in the District activities were the convening of a District Municipality Forum to drive ongoing SMME development engagements.

5.3 Overview of the Financial Results of the Department

Departmental Receipts

The Department does not provide services for which fees are charged. For the year under review the Department collected R23.3 million, which was transferred to the National Revenue Fund. The R23.3 million that was collected was made up of R23 million received from the Small Enterprise Development Agency (Seda) as funds to be surrendered into the National Revenue fund, sale of motor vehicle (R145 thousand), rental for parking from DSBD employees (R24 thousand), commission received on the deduction of insurance/premiums from employees' salaries (R34 thousand), interest in Bank Account (R27 thousand), departmental debts recovered (R28 thousand). The table below details the funds collected.

	2019/2020			2018/2019		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
Departmental Receipts	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	56	58	(2)	60	57	3
Interest, dividends and rent on land	14	26	(12)	2	1	1
Sale of capital assets	145	145	-	-	175	(175)
Financial transactions in assets and liabilities	23 019	23 028	(9)	50	1 096	(1 046)
TOTAL	23 234	23 257	(23)	112	1 329	(1 046)

Programme Expenditure

	2019/2020			2018/2019		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
Programme Name	R'000	R'000	R'000	R'000	R'000	R'000
Administration	119 475	116 659	2 816	127 940	125 451	2 489
Sector Policy and Research	25 621	18 630	6 991	21 012	17 023	3 989
Integrated Co-operatives Development	127 028	119 597	7 431	121 775	75 278	46 497
Enterprise Development and Entrepreneurship	1 996 428	1 973 894	22 534	1 217 726	1 201 766	15 960
TOTAL	2 268 552	2 228 779	39 773	1 488 453	1 419 518	68 935

The Department spent R2.229 billion (98.2%) of the adjusted budget of R2.269 billion resulting in an under expenditure of R39.773 million (1.8%).

Compensation of Employees – The Department spent R137.1 million (90.5%) against the adjusted allocation of R151.5 million, resulting in an under expenditure of R14.4 million (9.5%) due to existing vacancies.

Goods and services – Expenditure was R61.8 million (92.7%) against the adjusted allocation of R66.6 million which constituted an under spending of R4.9 million (7.3%).

Capital asset – Expenditure was R4.2 million (90.6%) against the allocation of R4.7 million, which constituted an under spending of R440 thousand (9.4%).

Transfers and Subsidies – Expenditure was R2.026 billion (99%) of the Adjusted budget of R2.046 billion, which constituted an under spending of R20 million (1%).

Roll Overs

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

Virement

During the 2019/20 financial year, virements were implemented in accordance with section 43 of the PFMA and reported to National Treasury (NT).

Reasons for the virements:

The Administration programme provided funds amounting to R5.3 million to the Enterprise Development and Entrepreneurship Programme, which were redirected towards the COVID-19 Emergency Relief Fund. At the same time, the Administration Programme required R565 thousand to ease the pressure on Compensation of Employees, which was contributed by Enterprise Development and Entrepreneurship Programme. Funds amounting to R178 thousand were shifted from Machinery and Equipment to the Sector Policy and Research programme (R6 thousand) and the Enterprise Development and Entrepreneurship Programme (R172 thousand). This resulted in a net outflow of R4.913 million.

The Sector Policy and Research programme provided funds amounting to R6.7 million to the Enterprise Development and Entrepreneurship Programme, which were also redirected

towards the COVID-19 Emergency Relief Fund. At the same time the Administration programme contributed R6 thousand to ease pressure on Machinery and Equipment. This resulted in a net outflow of R6.694 million.

The Integrated Co-operatives Development programme provided funds amounting to R2 million to the Enterprise Development and Entrepreneurship Programme, which were also redirected towards the COVID-19 Emergency Relief Fund.

The Enterprise Development and Entrepreneurship Programme received an overall total of R14 million from the Administration programme (R5.3 million), the Sector Policy and Research programme (R6.7 million) and the Integrated Co-operatives Development programme (R2 million), which was all redirected towards the COVID-19 Emergency Relief Funds. At the same time, funds amounting to R565 thousand were shifted to the Administration programme to ease the pressure on Compensation of Employees, whilst the pressure on Machinery and Equipment was eased by R172 thousand contributed by the Administration programme. This resulted in a net inflow of R13.607 million.

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

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

Fruitless and Wasteful expenditure: For the 2019/20 financial year, the Department incurred fruitless and wasteful expenditure worth R14 thousand on a Telkom line that was not closed in time when the former DG retired. The Department started the financial year with R6 thousand and this amount was recovered from affected officials, therefore the remaining balance is R14 thousand.

Irregular expenditure: The Department started off the 2019/20 financial year with a balance of R947 thousand and a further R496 thousand was incurred during the financial year. Investigations were undertaken and the relevant counselling implemented. A request to condone R1.226 million was approved by National Treasury. The balance as of R217 thousand that needs to be investigated, remains.

Future Plans of the Department

The main focus of the Department over the short, medium and long term will be to introduce different interventions that will be

geared towards transformed and inclusive economy driven by sustainable, innovative SMMEs and Co-operatives prioritising townships and villages based enterprises. To reach this, the Department will prioritise the following strategic focus areas:

- Develop and introduce the COVID-19 pandemic outbreak intervention measures dedicated towards assisting informal and micro businesses.
- Finalise and implement the Township Entrepreneurship Fund.
- Create an enabling environment for SMMEs and Co-operatives to operate:
 - Finalise amendments to the National Small Enterprise Act to deal mainly with the establishment of the Small and Medium Enterprises (SME) Ombud Office, regulations/licensing of businesses in townships and villages, and combatting unfair business to business practices.
- Finalise and implement the localisation programme through SMMEs and Co-operatives.
- Promote sustainability and growth of SMMEs and Co-operatives by designing and implementing Business Viability Facility.
- Sustain SMMEs and Co-operatives by linking them to markets through an e-commerce platform.
- Structure finalisation with Programme Changes (Sector and Market Development, Development Finance and Enterprise Development).
- Business case for the new single Small Business Support Entity.

As part of the Department's contribution to the MTSF Priority 2: Economic Transformation and Job Creation, the Department is expected to deliver on the following:

- Grow small business contribution to GDP from 35% to 50% by 2024.** To achieve this target, the Department's plans are to upscale support to SMMEs and Co-operatives through the provision of blended finance instruments, the establishment of the Incubation Centres and Digital Hubs, just to mention but a few.
- Facilitate the increase in small businesses in historically concentrated economic sectors;** the Department will work with key departments such as the Department of Trade, Industry and Competition and the Competition Commission, to open up entry for SMMEs in historically concentrated economic sectors. Consultative engagements with Captains of Industries and Business Associations will be undertaken to assess the effect and impact of legislation inhibiting the growth and sustainability of SMMEs key priority sectors such as agro-processing, gas and chemicals, tourism, automotive, steel, ICT and software, as well as creative industries, amongst others.

- Minimum 40% target for Women, 30% for Youth and 7% for Persons With Disability (PWDs):** The Department will prioritise the significant role of Women, Youth and PWDs in the SMMEs and Co-operatives sector. The Department will increase participation of Youth, Women and PWDs in domestic and international market by finalising the guidelines for mainstreaming of Youth, Women, and PWDs and will monitor the implementation of minimum 40% target for Women, 30% for Youth and 7% for PWDs within the Portfolio.

Public Private Partnerships (PPPs)

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

Indicate whether Supply Chain Management (SCM) processes and systems are in place to prevent irregular expenditure: Processes are in place to prevent and detect irregular expenditure where it is incurred.

Challenges experienced in SCM and how they were resolved: The office of the State Attorney and the implementation of SBD Form 6.2 on local content and production needs to be firmed up to prevent irregular expenditure.

Gifts and Donations received in kind from non-related parties: List the nature of the in-kind goods and services provided by the Department to or received from parties other than related parties:

No.	Name of Donor	Description	Estimated Amount
1	National Treasury	Fruits Basket	R400.00
2	DSBD	Donation/ Sponsorship	R100 000
3	Moon Consulting	Small travelling bag	R4 200.00
4	Microsoft South Africa	Sponsored Conference	R5 966.29
5	Microsoft South Africa	Sponsored Conference	R5 966.29
6	Global Entrepreneurship Network	Hotel Accommodation for 3 nights	R12 000
7	Broadway Sweets	Book and Gift Bag	R362.00
8	Broadway Sweets	Box of Sweets	R450.00
9	Polokwane Municipality	Framed Traditional Portrait Dolls	R5 000.00

Exemptions and deviations received from the National Treasury:

For the year under review, the Department received a deviation approval from National Treasury for the Buy Local Summit and Expo (BLSE), which was scheduled to take place from 23 – 24 March 2020 and the first provincial BLSE Durban scheduled for September 2020, both totalling R2 200 000.00. However, the March 2020 event was cancelled due to the COVID-19 restrictions.

Events after the reporting date: None

5.4 Acknowledgements

I would like to express my sincere appreciation to Minister Khumbudzo Ntshavheni, the Deputy Minister Rosemary Capa for the leadership and the support they have given to me and the Department during this reporting period. My appreciation also goes to the Executive and entire staff of the Department for their hard work, dedication and sacrifices in pursuing the objectives of the Department.

I also wish to acknowledge the support and contributions of all our stakeholders, in particular, the Provincial Departments of Economic Development, the Portfolio Committee on Small Business Development; Select Committee on Trade and Industry, Labour and Employment, Tourism and Small Business Development; and the broader SMMEs and Co-operatives Sectors – your efforts have helped the Department immensely in executing its mandate to lead and coordinate an integrated approach to the promotion and development of entrepreneurship, SMMEs and Co-operatives, and to ensure an enabling legislative and policy environment to support their growth and sustainability.

Thank You!



Lindokuhle Mkhumane

Acting Director-General
Department of Small Business Development

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 E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.
- The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgments made in this information. The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.
- In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department of Small Business Development for the financial year ended 31 March 2020.



Lindokuhle Mkhumane

Acting Director-General

Department of Small Business Development

7. STRATEGIC OVERVIEW

7.1 Vision

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

7.2 Mission

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

7.3 Values

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

8. LEGISLATIVE AND OTHER MANDATES

8.1 Constitutional Mandate

The Department and its public entities derive its primary mandate from the Constitution of the Republic of South Africa, Act No. 108 of 1996, and in particular¹:

- Section 22 – Enshrines freedom of trade, occupation and profession: “Every citizen has the right to choose their trade, occupation or profession freely. The practice of a trade, occupation or profession may be regulated by law”.
- Section 217 – Which requires that:
 - » 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; and
 - » It does not prevent the organs of state from implementing a procurement policy providing for the protection or advancement of persons or categories of persons disadvantaged by unfair discrimination.

8.2 Legislative Mandate and other Mandates

Legislation	Purpose
National Small Business Act , 1996 (Act No. 102 of 1996) amended 2004 and thereafter referred to as the National Small Business Amendment Act, 2004 (Act No. 29 of 2004)	To provide for the establishment of the National Small Business Advisory Council and the Small Enterprise Development Agency, to provide guidelines for organs of state to promote small business in the Republic and provide for matters incidental thereto.
Co-operatives Act , 2005 (Act No. 14 of 2005)	To provide for the formation and registration of Co-operatives; the establishment of a Co-operatives Advisory Board; the winding up of Co-operatives; the repeal of Act 91 of 1981; and matters connected therewith.

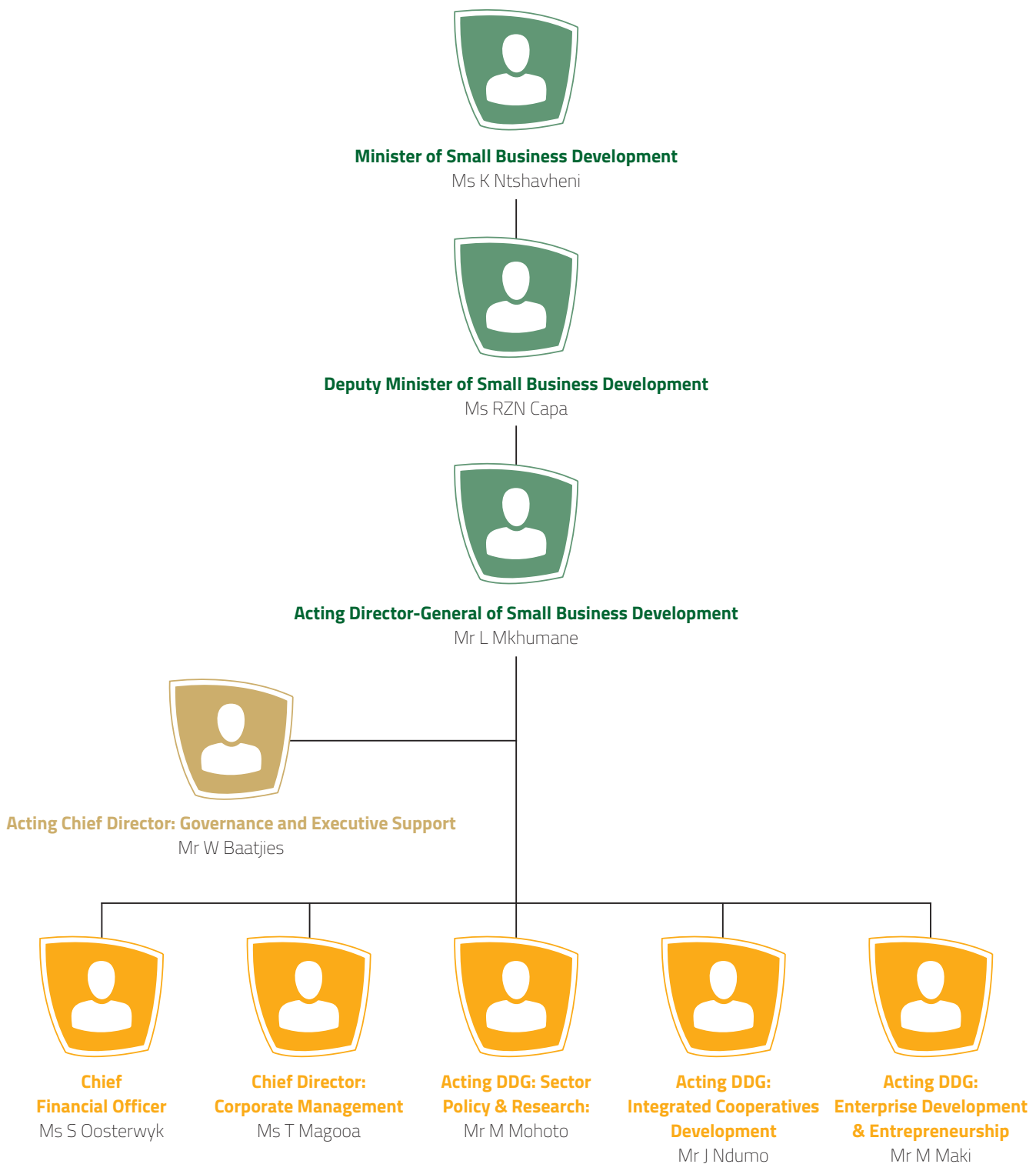
¹ Republic of South Africa. (1996). The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). Pretoria. Government Printer.

8.3 Policy Mandate

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

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

9. THE ORGANISATIONAL STRUCTURE



At the beginning of the reporting period, the Department submitted its structure to the Minister for Public Service and Administration in order to finalise alignment between the budget and organisational structure and cognisant of the fact that the structure may change to align to the priorities of the sixth administration. In July 2019, the Minister withdrew submissions regarding the organisational structure of the Department noting the intent to review and align to the priorities of the sixth administration. To structure delivery of the DSBD mandate and enhance the value of its services, a Business Delivery Model (BDM) was developed. The Delivery Model focused on areas such as Product and Markets, Information, Finance and Enterprise Development and informed the current review of the structure.

10. ENTITIES REPORTING TO THE MINISTER

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

10.1 Small Enterprise Finance Agency (Sefa), Schedule 2: Major Public Entity

sefa was established in terms of **Section 3 (d) of the Industrial Development Corporation Act, 1940 (Act No. 22 of 1940)** and mandated to provide access to finance to Survivalist, Micro, Small and Medium businesses throughout South Africa. **sefa** supports the development of sustainable SMMEs through the provision of finance.

10.1.1. Summary of the year under review:

Compared to big business in South Africa and other countries, small businesses face a wider range of constraints and problems and are less able to address the problems on their own, even ineffectively functioning market economies.

Access to finance remains one of the primary challenges for start-ups, micro, small and medium enterprises in South Africa. Various studies estimate that the funding gap for SMMEs and Co-operatives in South Africa to be between R86 billion and R346 billion.

sefa's main business and funding activities are aligned to the key activities of a development finance institution, namely: playing a catalytic role to attract other industry players; funding gaps in the market and risk funding aimed at the development of entrepreneurs and addressing market failures.

sefa aims to address market failure in the provision of finance to SMMEs and Co-operative enterprises. In this regard, the organisation loan financing programme focuses on targeted groups such as women, black people, youth, township, rural communities and people with disabilities.

Its loan programmes are aligned and geared to the execution of Government's economic policy as outlined in the New Growth Path (NGP), Industrial Policy Action Plan (IPAP) and the National Development Plan, Vision 2030 (NDP).

sefa provides funding to qualifying business ventures within the following SMME sectors:

- Services (including retail, wholesale, IT and tourism, transport logistics);
- Manufacturing (including agro-processing);
- Agriculture (specifically land reform beneficiaries and micro-farming activities);
- Construction;
- Mining; and
- Green industries (renewable energy, waste and recycling management).

Loan Programmes and Development Impact

To increase access to finance and reduce the cost loan **sefa** introduced the following loan programmes during the financial year under review.

- **Small Business and Innovation Fund (SBIF)** - This is a fund established by the DSBD to benefit small businesses, particularly those in their early stages of development. The fund is designed to address the gap in funding of early-stage business ventures to enhance the businesses' viability.
- **Blended Finance** - The programme offers, through **sefa**'s support instruments, a combination of a grant and a loan to SMMEs and Co-operatives who are unlikely to be funded.
- **Khula Credit Guarantee (KCG) Portfolio Guarantees** - Portfolio guarantees with non-bank institutions support enterprise supplier development and trade credit in the form of a supplier guarantee. SMEs targeted by the scheme are those not eligible to buy without the support of an indemnity cover.

For the past financial year, **sefa** approved loan financing to value **R1.4 billion** and disburse **R1.3 billion** loan financing to **74 472 SMMEs and Co-operatives** and in the process facilitated in the creation and maintenance of **87 828 formal and informal sector jobs**.

Core to **sefa**'s mandate is support to targeted groups. Through its various loan programme disbursements, **sefa** provided support to these groups as follows:

Target Group	Number of Enterprises	Rand Amount
Youth-owned enterprises	18 193	R212 million
Women-owned enterprises	73 952	R446 million
Black-owned Enterprises	74 323	R921 million
Township-based enterprises	332	R124 million
Enterprises located in rural towns and villages	58 086	R371 million

Loan Portfolio and Financial Performance

The total **sefa** loan book as at the 31 March 2020 was R1.5 billion, comprising of R902 million worth of Wholesale Lending and R645 million in Direct Lending. During the year under review, **sefa** noted an increase in the carrying value of loans and advances, primarily because of higher disbursements during this year relative to the previous year. Furthermore, the cash and cash equivalent also increased mainly on the back of SBIF allocation of R700 million and the R150 million through the European Union Support Programme. **sefa** achieved a cost to income ratio of 79% against the annual target of 83%.

Notwithstanding the tough economic environment, **sefa** achieved an all-inclusive collection rate of 85%. Loan impairments for the year under review was 4.1% representing an improvement from 4.7% on the previous year. The relatively high impairment rate must contextualise in the weak economic growth rate environment, which negatively impacted the business performance of **sefa** funded clients and hence their ability to repay the loans.

Human Capital

sefa embarked on the High-Performance Organisation framework that was initiated in 2014. During the year under review, the organisation was in the growth phase of this journey, with the emphasis being on talent management through upskilling of the workforce. This was to ensure that the talent within the organisation is fit for purpose and ready to execute the organisational strategy and mandate effectively.

Challenges

The difficult economic environment continues to hamper future growth, which has also affected our organisation. **sefa** could not make inroads in its developmental impact support, in particular, to small businesses based in townships, and to businesses run by entrepreneurs with disabilities.

Loan impairments remains a strategic challenge that impacts the long-term sustainability of **sefa**. To this extent, we have capacitated a post-loan division and are implementing support strategies to support clients to sustain their businesses.

sefa conducts customer surveys each year to assess the level of customer satisfaction. For the past financial year, there was a decline in customer satisfaction mainly ascribed to the application process. To improve clients' satisfaction levels, a dedicated customer relation and management programme will be implemented across the **sefa** value chain in the 2020/21 financial year.

11.2 Small Enterprise Development Agency (Seda), Schedule 3A: National Public Entity

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

11.2.1. Summary of the year under review:

KEY ACHIEVEMENTS

Seda achieved 87% of its planned performance measures in 2019/20, against a target of 75%. In many areas across different programmes, performance surpassed set annual targets. Below is a summary of achievements during the year under review.

At the end March 2020, the following were the outstanding performances recorded:

- 5 295 clients were supported through pitching and innovation;
- 22 230 jobs were sustained;
- 6 709 new jobs were created;
- R 2,055 billion was the total increase in turnover;
- R 87,4 million was the value of support leveraged from partners;
- 1 007 clients were trained on international and national standards;
- 12 182 learners participated in the entrepreneurship in schools;
- 11 320 people trained in business management;
- 207 informal auto body mechanics were enrolled in an Enterprise Development Programme, in partnership with the Retail Motor Industry (RMI);
- 586 SMMEs were supported through access to markets exhibitions and export readiness training; and
- 36 684 people attended entrepreneurship awareness sessions.

MENTORSHIP AND COACHING PROGRAMME

- Seda facilitated Coaching and Mentorship to Xhariep District Taxi Operators on Bookkeeping and Financial Management. Operators own between one and three vehicles and are creating employment for themselves as drivers and managers.
- The operators collectively own 104 vehicles and have created 112 jobs (taxi drivers only)
- In addition, Seda implemented the 10-month Group Coaching and Mentorship programme for 372 existing clients across the country, with major impact on the increase in turnover and the number of people employed by the participating businesses.

FUNDS LEVERAGED

Access to Contracts worth more than R80 million:

- Aggeneys renovations secured two contracts over two years with Vedanta Transforming Elements (Mining) for the value of R2 million to provide painting services.
- JO's Karoo Flavour (Pty) Ltd signed a Service Level Agreement (SLA) with PFP Group Holdings, to supply services to the value of R120 000 per month. JO's is now supplying products to Shoprite.
- TJ Hot Food Cafe (Pty) Ltd has managed to sign a R1.8 million contract with SEPCO III Engineering to provide catering services at the site of the establishment of a new Solar Plant in Postmasburg.
- Siyaghuba General received a cleaning contract from the Department of Social Development to the value of R307 771.
- Walla Enterprise and Cleaning CC received a contract from Brits town Primary School to the value of R230 000.

CO-LOCATION

Seda ensures consistent service delivery through co-locations at:

- 87 municipalities and partners,
- 23 co-locations at Seda Branches,
- 11 mobile units.

VALUE OF SUPPORT LEVERAGED FROM PARTNERS

- Seda in the Northern Cape and the Department of Agriculture implemented an initiative that was meant to empower livestock farmers.
- Thirty Bonsmara Bulls estimated at R 600 000.00 were donated to eight farms in the Heuningvlei area.
- Bull management training amounting to R150 000 was provided to the 140 farmers, who farm on these eight farms.

HIGHLIGHTS ON SUPPORT TO CO-OPERATIVES

- **Seed of Life: Northern Cape Ostrich Export Abattoir:** Beneficiaries – 600 women in the Northern Cape with 25% shareholding
- **Pella Olive Co-operative: Northern Cape:** Beneficiaries – six members
- **Livestock Farming Co-operatives: Northern Cape:** Beneficiaries – 140 members/eight Co-operatives in Heuningvlei area
- **Vendicom – Eastern Cape:** 1 500 jobs to be created.

MULTI-SECTOR PROJECT IN OR TAMBO IN THE EASTERN CAPE

- Beneficiaries – 25 Co-operatives, involving 1 000 ex-miners Farmgrow (Pty) Ltd: Eastern Cape. This is the establishment

of a fish processing plant to be developed in Port St John's. 130 potential new jobs.

- Lizwe Agro-meat processing: NMB/Sarah Baartman, Eastern Cape: 100 potential jobs.

EMERGING LIVESTOCK FARMING

- Makholokoeng FSPU Secondary Co-operative: Free State: Beneficiaries – nine Co-operatives with 135 full time members
- Thlolo Co-operative: Fezile Dabi, Free State: Beneficiaries – 22 Members
- Fifteen Stars Secondary Co-operative: Mangaung District/ Free State: Beneficiaries – nine Co-operatives with 75 members
- RMB Manufacturers Co-operatives Ltd: Mangaung/ Free State: Beneficiaries – five members, 33 full-time employees
- Mentorship Programme for 77 Co-operatives in KZN: Umkhambana & Liberty Primary Co-operatives: KZN.

SMALL HOLDER COTTON GROWERS': MPUMALANGA

- Beneficiaries – 350 rural cotton growers

SUPPORT TO CO-OPERATIVES IN LIMPOPO WITH DEVELOPMENT ENVIRONMENT AND TOURISM (LEDET) AND LIMPOPO ECONOMIC DEVELOPMENT AGENCY (LEDA)

- Greater Sekhukhune Region Secondary Co-operative is an Agricultural production, manufacturing, bulk buying and skills development Co-operative.
- Limpopo Multi Sectoral Tertiary Co-operative is an Agricultural production, manufacturing, bulk buying and skills development Co-operative.
- Limpopo Poultry Secondary Co-operative, is a Co-operative that deals with chicken broilers as well as chicken layers.
- The National Retailers Empowerment Forum Primary Co-operative, is a financial empowerment, bulk buying and wholesaler of consumer goods.
- Lehumo la Kgwebo Secondary Co-operative is an Agricultural production, manufacturing, bulk buying and skills development Co-operative.
- Vhumbedzi Agri Co-operative: Limpopo
- Beneficiaries - more than 50 individual mango growers at Tshifudi Village.

WESTERN CAPE

- IGQILA Fishing and Multipurpose Co-operative Ltd: Western Cape
- Doring Bay Abalone Farming – Western Cape
- Beneficiaries – Emerging Farmers who are community Representatives

- Honeybush Tea Primary Co-operative Ltd: Oudtshoorn, Western Cape
- Beneficiaries – previously disadvantaged communities from Oudtshoorn and Prince Albert
- Free Heim Eggs Primary Co-operative: Western Cape
- Beneficiaries – small commercial poultry farmers for Friemersheim, George area
- Sakhisizwe Primary Agricultural Coop: Western Cape
- Beneficiaries – Local communities from Oudtshoorn area.

The following Co-operatives secured CIS grant funding through Seda's facilitation:

Name of Co-operative	CIS Grant Funding
Sibongangazo Agricultural Primary Co-operative Ltd	R946,408.00
Sinqobile Services Primary Co-operative Ltd	R1,117,194.00
Against All Odds Primary Co-operative Ltd	R1,379,985.00
Somila Poultry and Veg Primary Co-operative Ltd	R544,618.00
Langalomso Agricultural Primary Co-operative	R984,630.00
Umbono Ngumbono Primary Co-operative Ltd	R810,400.00
Siyalunga Primary Co-operative Ltd	R446,660.00
Ulundi Lothukela Primary Co-op Ltd	R621,281.00
Silimela Ingomsiolethu Agricultural Primary Co-operative	R608,698.00
Mafati Primary Co-operative Ltd	R870,029.00
Kuhle Feed & Cropping Primary Co-operative Ltd	R898,560.00
Mayidume Agricultural Primary Co-operative Ltd	R1,324,801.00
Somila Poultry and Vegetables Primary Co-operative Ltd	R453,100.00
TOTAL	R11,006,364.00

READINESS FOR THE ECOSYSTEM FACILITATION APPROACH

- The District Ecosystem Facilitation model was developed and a pilot process was initiated in OR Tambo.
- Business Development Services Ecosystem and Incubation Mapping projects were completed.
- The Discussion Paper on the Professionalisation of Business Advising in South Africa was developed and shared with stakeholders across the country. It will serve as input into the incubation and BDS Policy Framework that DSBD is working on.
- The Discussion Paper also served as the basis for the development of the BDS Standards which is currently being done by SABs.
- Incubator Standards were Gazetted in the last quarter of 2019.
- The development of the Business Plan and Business Model for Seda's Learning Academy to position the organisation at the centre of capacity-building in the ecosystem was completed.
- Seda trained 34 LED Officers on the New Venture Creation in partnership with the Services Sector Education and Training Authority.
- 42 LED Officers in OR Tambo, Limpopo and North West were trained on Seda's Basic Tools. 219 Ecosystem Partners were trained on the same tools.

DSBD SPECIAL PROJECTS

- Seda conducted and completed feasibility studies and developed business plans for four Products Markets in Umthatha (Revamp of an existing market), Emalahleni, Mahikeng and Musina. The documents were handed over to the Department for implementation.

Seda/sefa COLLABORATION

- Seda managed the compilation of a database of Mentors that will be utilized by Seda to provide post-funding support to B-funded clients.
- Digitisation of Seda and **sefa** referral processes remains a priority.

INCUBATION PROGRAMME HIGHLIGHTS

- Total of 28 additional incubators under Seda technology programme portfolio in the 2020 financial year. This increases the total supported portfolio to 100 business incubators.
- Good progress has been made with the development of the Business Incubators and Accelerators standards, the first draft of Business Incubator and Accelerator Requirements, SATS 2234: standard was issued for public comments, published in the Government Gazette.
- The organisation is working with the Department of Higher Education, Science and Innovation on the Entrepreneurship Development Masterplan for Technical and Vocational Education and Training (TVET) Colleges using the Seda Centre for Entrepreneurship Rapid Incubation (CFERI) model.
- During the period under review we participated in two stakeholder engagement sessions with the Department of Higher Education and Training (DHET) and on the plan and

the support framework to the 13 TVET based CFERIs going forward.

IMPROVE SUPPORT TO BUSINESS INCUBATORS LOCATED WITHIN THE HIGHER EDUCATION INSTITUTIONS

- Three of the University and TVET-based incubators/CFERIs received Presidential oversight visits aimed at reviewing the impact of the incubation model in Universities and TVET Colleges.
- Two Jewellery cluster meetings were held in Rustenburg and Greenstone during the period under review consist of five Seda Jeweller Incubators (KDJI, GJA, LBJI, TPI and EJP) including the DTI and GIDZ and Seda Officials.
- Seda in partnership with Mzansi Aerospace Technologies (Pty) Ltd., City of Ekurhuleni and NYDA are rolling out the Drone Accelerator Programme. The programme will be rolled out at Ekurhuleni West College CFERI (Gauteng) and Vhembe TVET College CFERI (Limpopo).
- The first ever drone start-up accelerator programme in Africa was launched and has commenced in EWC CFERI in February 2020. Following a rigorous selection process, over 40 start-ups applied to join the programme. Twenty of these start-ups were short-listed when the Call for Applications closed in January 2020.

PART B:

PERFORMANCE INFORMATION



1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 84 of the Report of the Auditor-General in Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

The DSBD performance against its 2019/20 pre-determined output objectives, is detailed in the tables below. The 2019/20 financial year represented the final year of implementing the 2014–19 Medium Term Strategic Framework (MTSF) and commencement of the implementation of the 2019–24 MTSF. The 2019/20 Annual Report outlines the performance of the Department against the re-tabled 2019/20 APP aligned with the overall strategic direction of the Department.

Targets were considered to be achieved if 100% of their elements were attained or exceeded and targets in the 0–99% range were considered not to have been achieved. The DSBD achieved 18 (67%) of its set targets and nine (33%) of the targets were not achieved.

2.1 Service Delivery Environment

The South African economy remained muted and has thus struggled to grow at a rate above what is required to meaningfully address the triple challenges of poverty, inequality and unemployment. The economy entered a second technical recession since the first quarter of 2018. The economy grew by 0.2% year-on-year, compared to a 0.8% growth in 2018, as the effects of a technical recession in the latter part of 2019 began to show impact.

A huge driver for slowdown in the South African economic growth was the poor performance of the secondary sector. The renewed implementation and the intensity of load-shedding weighed heavily on electricity production and adversely

affected manufacturing production in addition to an already weak demand. Although the agriculture and tertiary sectors showed an acceleration, it was not enough to cushion the subdued growth rate. Globally there were global trade tensions, particularly between the United States of America and China and geo-political risks.

During the full 2019/20 financial year, the South African Reserve Bank lowered interest rates by a total of 150 basis points, with a full 100 points lowered in March 2020 as a result of a weak global and local economic forecast due to the potential negative impact of the COVID-19 pandemic. The Monetary Policy, in its decisions, expressed concern over the global and local economic slowdowns and the threats of recession. Although this bodes well for the reduced cost of debt, the depressed demand for products and services as expressed by the lower household and Government consumption exposes small businesses to lower demand for products and services.

Simultaneously, poor domestic growth rates had a negative impact on the fiscus. Public sector financing needs continued to rise, increasing risk premiums and escalating the borrowing costs for the South African economy. As a result, the year under review was a challenging one, highlighting the urgent need for prudent macroeconomic policies and structural reforms that lower borrowing and general costs and increase public and private investment, economic growth and job creation.

The service delivery environment has been beset by the election year (8 May 2019), poignant fifth administration priorities and the introduction of the sixth administration priorities. The sixth administration priorities introduced a new Business Delivery Model, which affects the organisation of the functional structure which will require alignment with the budget structure. During the period under review, personnel was placed against 2017 functional structure, which presented challenges from an accounting perspective, amongst others. Coupled with this, are the Director-General and two funded vacant posts of Deputy Directors-General (DDGs) which remained vacant for prolong period.

The Department introduced the blended finance programme. The objective of the programme is to provide financial and non-financial support to Enterprises that are township or rural-based, with emphasis on enterprises owned and managed by the designated groups (Women, Youth and/or Persons with Disabilities), in order to increase their capacity to access economic opportunities and enhance their competitiveness.

The programme offers a maximum funding amount of up to R 5 million with a potential maximum grant allocation 50% to the tune of R 2.5 million to qualifying applicants. (Refer to Grant Funding Matrix Table 1 below). The minimum amount that an applicant can apply for is R50 thousand.

In an effort to reduce the regulatory burden and enhance service delivery to SMMEs and Co-operatives, the Department has assisted 33 Municipalities to roll out the RTRP in municipalities various Province. Northern Cape (Pixley Ka Seme District, Namakwa District Municipality, Sol Plaatje Local Municipality, Dawid Kruiper Local Municipality, etc.), North West Province (Moretele Local Municipality, Bojanala Local Municipality, Madibeng Local Municipality, etc.). The RTRP is one of the key programmes and its impact or success will measure the evaluation that is to be undertaken in the coming years.

The notable success recorded in the period relates to the incubation centres/digital hubs wherein six digital hubs in townships and rural areas were established as follows:

- SBTI Botshabelo Digital Hub,
- Limpopo Digital Hub,
- 4th Industrial Revolution,
- KwaMashu Digital Hub,
- Alexandra Digital Hub, and
- Mafikeng Digital Hub.

The incubation centres/digital hubs remain high on the agenda of Government and are part of the six administration key priorities.

2.2 Service Delivery Improvement Plan

In the period under review, the Department initiated a process to review the Service Delivery Improvement Plan (SDIP), which will be finalised in the 2020/21 financial year.

2.3 Organisational Environment

The period under review proved to be a challenge for the DSBD. The Department had to adapt to the new executive leadership

which required innovation to lead thought processes. Employees, therefore, not only had to deal with a delay in finalisation of the organisational structure but also to modify behaviour to move from labour intensive administrative (and paper-based) processes to a new way of doing business. Innovation and streamlining business processes was at the order of the day as the Department adopted new ways of doing business.

The new way of doing business required the Department to review the organisational structure and a BDM that was developed to enhance the value of services and ensure that the priorities of the sixth administration are addressed. As a result, this process unfortunately impacted the Department's ability to decrease its vacancy rate, with a number of strategic posts not being filled over the reporting period. Amongst the vacant posts not filled were the critical and strategic posts of the Director-General (DG) and two Deputy Directors-General (DDGs). However, as it stands, it would not have been advisable to fill these strategic posts while the organisational structure was under review. The intention was to fill the required strategic posts in line with the approved structure.

The culture change from "old school" labour and manual processes to new and innovative ways required employees to move out of their comfort zones and that resulted in uncertainty amongst officials. The Department also saw an increase in Employee Health and Wellness-related challenges, resulting in a significant increase in sick and incapacity leave requests. Employees were encouraged to make use of the service provider appointed to assist with, amongst others, psychosocial counselling. In addition, the quarterly health screening services were expanded to include a comprehensive health assessment and recommendations for improvement.

2.4 Key policy developments and legislative changes

There were no changes to the legislation that impacted departmental operations during the year under review.

3. STRATEGIC OUTCOME-ORIENTATED GOALS

During the 2019/20 reporting period, the Department adopted the following five strategic outcome-orientated goals:

Table: 2019/20 Strategic Goals and Objectives

STRATEGIC GOALS	STRATEGIC OBJECTIVES
1. Policy and planning coherence in the sector, that promotes an enabling ecosystem for SMMEs and Co-operatives.	<p>1.1. Reduced regulatory burdens and a conducive legislative and policy environment for SMMEs and Co-operatives.</p> <p>1.2. Provide credible information on the status of the Co-operatives, Village and Township economies.</p>
2. Equitable access to responsive and targeted products and services that enable the growth and development of SMMEs and Co-operatives.	<p>2.1 Scaled-up and coordinated support for SMMEs, Co-operatives, Village and Township economies.</p> <p>2.2. Expand access to financial SMMEs through partnerships and innovative service offerings.</p>
3. Sound governance and the optimal utilisation of available resources.	<p>3.1. Compliance and good governance ensured.</p> <p>3.2. Efficient, integrated and streamlined business processes and systems.</p>
4. An enhanced contribution to socio-economic development outcomes by the sector.	<p>4.3. Informed and empowered communities and a responsive department.</p>
5. A professional and capacitated SBD Sector.	<p>5.1. Coordinated development of the skills pool across the sector.</p> <p>5.2. Strengthened human resource capability and a high performing organisation.</p>

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 PROGRAMME ONE: ADMINISTRATION

4.1.1 Purpose

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

4.1.2 Subprogrammes

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

1. Ministry;
2. Departmental Management (Office of the DG);
3. Corporate Services;
4. Financial Management; and
5. Communications and Marketing.

4.1.3 Strategic objectives

- Strategic Objective 3.1: Compliance and good governance ensured.
- Strategic Objective 3.2: Efficient, integrated and streamlined business processes and systems.
- Strategic Objective 4.3: Informed and empowered communities and a responsive Department.
- Strategic Objective 5.2: Strengthened human resource capability and a high performing organisation.

4.1.4 Strategic objectives, performance indicators, planned targets and actual achievements

Programme One: Administration: Performance against 2019/20 Annual Performance Plan Targets

PROGRAMME ONE: ADMINISTRATION							
Strategic Objective	Performance Indicator	Actual Achievement 2017/18	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
3. Sound governance and the optimal utilisation of available resources.							
3.1. Compliance and good governance ensured.	Unqualified audit outcome for both financial and non-financial performance data maintained.	Annual target achieved: DSBD received an unqualified audit opinion by AGSA for the 2016/17 financial year, with only 1 correction to the prior year.	Target Achieved: Unqualified audit outcome for both financial and non-financial performance data for 2017/18 achieved.	Unqualified audit outcome for both financial and non-financial performance data for 2018/19.	Target Not Achieved: Unqualified audit outcome with material findings on performance information and compliance with legislation.	As per the audit opinion of the AGSA.	As per the Audit Report of the AGSA.
	Percentage over or under-expenditure on annual budget.	Annual target achieved: DSBD spent R1.4 billion of the projected R1.4 billion, resulting in a variance of R16.3 million (1,1%)	Target Achieved: 4.6% The Department spent R1.420 billion of R1.488 billion with a variance of R69 million.	<5% variance on annual budget.	Target Achieved: 1.8% variance on annual budget. The Department spent R2.229 billion of R2.2269 billion with a variance of R39.8 million.	N/A	N/A

PROGRAMME ONE: ADMINISTRATION

Strategic Objective	Performance Indicator	Actual Achievement 2017/18	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
	Percentage of payments to eligible creditors processed within 30 days.	Annual target achieved: From 01 April 2018 to 31 March 2019 the Department received and processed 10 135 invoices valued at R85 732 591.67 within 30 days.	Target Achieved: 100% payments to eligible creditors were processed within 30 days. Received and processed 12 401 invoices valued at R75 390 787.71 on average 10 days.	100% payments to eligible creditors processed within 30 days.	Target Achieved: 100% payments to eligible creditors processed within 30 days. (11 467 invoices worth R65 347 730.48 paid on 13 average days).	N/A	N/A
3.2. Efficient, integrated and streamlined business processes and systems.	Phase 1 – Centralised Integrated SMME/ Co-operatives/ Entrepreneur/ Informal Business Database & Portal Developed.	Annual target partially achieved: The Department managed to approve systems specifications and define roadmap.	Target Not Achieved: 2 ICT system projects defined in the DSBD ICT Plan not implemented.	Phase 1 – Centralised Integrated SMME/ Co-operatives/ Entrepreneur/ Informal Business Database & Portal Designed and Implemented.	Target Achieved: Phase 1 – Centralised Integrated. SMME/Co-operatives/ Entrepreneur/ Informal Business Database & Portal Designed and Implemented.	N/A	N/A
4. An enhanced contribution to socio-economic development outcomes by the sector.							
4.3. Informed and empowered communities and a responsive Department.	Number of awareness campaigns with communities and stakeholder conducted.	Annual target achieved: The Department facilitated 55 engagements with the communities and the public.	Target Achieved: 39 facilitated interactions that delivered meaningful engagements with communities and the public were held.	30 awareness campaigns with communities and stakeholders conducted.	Target Achieved: 47 Facilitated interactions that deliver meaningful engagements with communities and the public.	17 more Facilitated interactions that deliver meaningful engagements with communities and the public.	The over achievement is due to a number of events that is associated with the launch of the district based implementation model by the President.

PROGRAMME ONE: ADMINISTRATION

Strategic Objective	Performance Indicator	Actual Achievement 2017/18	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
5. A professional and capacitated SBD Sector.							
5.2. Strengthened human resource capability and a high performing organisation.	Percentage of women SMS representation.	Annual Target Exceeded: 51.3% of female SMS.	Target Achieved: 53.8% of female SMS representation.	50% of women SMS representation.	Target Achieved: 55.9% (19/34) female SMS	5.9% above the set target of 50%.	Establishment changes e.g. appointments and terminations within SMS.
	Percentage of PWD employed.	Annual Target Exceeded: 2.8% PWD employed.	Target Achieved: 3.1% people with disabilities employed.	≥ 2% of PWD employed.	Target Achieved: 2.4% (5/208) people with disabilities	0.4% above the set target of 2%.	Headcount increased due to appointment of interns and contracts.
	Percentage vacancy rate in funded posts.	Target not achieved. 11.9% vacancy rate.	Target Achieved: 7.7% vacancy rate in funded posts.	<10% vacancy rate in funded posts.	Target Not Achieved: 12.4% (26/209).	2.4% above the set target.	Moratorium on filling vacancies pending finalisation of National Macro Organisation of Government (NMOG) process.

Office of the Director-General

The purpose of the Office of the Director-General (ODG) is to provide strategic leadership, management and support services to the Department of Small Business Development. During the year under review, the ODG worked with the relevant line function programme managers to ensure that the entities corporate plan, strategic plans and APPs were aligned with the objectives of the Department and broader Government priorities. The entities performance was monitored through performance reports submitted on a quarterly basis and these quarterly performance reports were reviewed and submitted to the Minister, with recommendations for improvements to a performance where necessary. The ODG, through the Communication and Marketing sub-programme, overachieved on its set target for the awareness campaigns with communities and the public. This was due to several events that were associated with the launch of the District Development Model, led by the President of the Republic, Mr Cyril Ramaphosa.

Financial Management

Financial Management is responsible for creating an enabling environment whilst ensuring overall good governance in the areas of procurement, asset management, payment of creditors and meeting NT's reporting requirements. The set targets were processing valid supplier invoices in 30 days, whilst achieving an average of 13 days. The attainment of an unqualified audit outcome on the financial report was also sustained.

Corporate Services

Corporate Services sub-programme's targets were to reduce the vacancy rate to 10%. The target was not met since the vacancy rate as at 31 March 2020 was on 12.4%, resulting in a variance of -2.4%; this was due to moratorium on filling vacancies, pending finalisation of National Macro Organisation of Government (NMOG) process. As a result, more effort will be concentrated in maintaining the vacancy rate below 10%. Another target was to employ $\geq 2\%$ of (PWDs). This target was exceeded by 0.4%, recording a total of 2.4% of people with disabilities as an achievement for the year under review. Lastly, the target of 50% of women SMS representation was also set. The target was also exceeded as a total of 55.9% of women were in SMS as of 31 March 2020.

Information and Communication Technology

Information and Communication Technology (ICT): To implement efficient, integrated and streamlined processes and systems, the Department designed and implemented a centralised, integrated SMME, Co-operatives, Entrepreneur or Informal Business database and portal.

4.1.5 Strategies to address areas of underperformance

Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
Vacancy rate of <10% in funded posts.	2.4% above the set target	Vacant funded posts will be filled upon approval of the reviewed structure.

4.1.6 Changes to planned targets

The table below outlines changes to planned targets and the reasons to amend the planned targets

Performance indicator changed during the reporting period and reasons	
Performance indicator:	Reasons
1. Percentage compliance with Management Performance Assessment Tool (MPAT) standards at target level.	Due to the fact that the Department of Planning, Monitoring and Evaluation was no longer going to conduct MPAT as a compliance tool from 2019/20 financial year and due to the adjustment budget in July 2019.

Table: Linking performance with budgets: Programme One

	2019/2020			2018/2019		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
Sub-Programme	R'000	R'000	R'000	R'000	R'000	R'000
Ministry	26 203	26 141	62	32 753	32 713	40
Departmental Management	15 283	14 816	467	17 981	16 314	1 667
Corporate Services	51 909	50 083	1 826	51 200	50 604	596
Financial Management	18 639	18 330	309	19 532	19 358	174
Communications	7 441	7 288	153	6 474	6 461	13
TOTAL	119 475	116 659	2 816	127 940	125 451	2 489

4.1.7 Reasons for Variance

Annual expenditure for Programme One: Administration, amounted to R116.7 million (97.6%) against the final appropriation of R119.5 million, resulting in an annual under expenditure of R2.8 million (2.4%). Goods and Services (G&S) contributed to underspending by R2.3 million, which was largely on Travelling and Subsistence (R748 thousand) due to cancelled official trips, training and development (R229 thousand), computer services (R211 thousand), consultancy services (R173 thousand). Capital Assets underspent by R406 thousand due to delays in the procurement of the Minister's vehicle.

The main cost drivers on expenditure for Programme One are Compensation of Employees at R64.5 million and G&S at R48.6 million. Under G&S expenditure the cost drivers are operating leases for office accommodation and rented pool cars (R21.6 million), travel and subsistence for official trips (R9.6 million), Computer services for desktop support and Microsoft licence renewal (R5.3 million), Audit Costs (R3.2 million), Fleet services (R1.2 million) catering for departmental activities (R928 thousand), Communication (R908 thousand), Training and Development for officials (R799 thousand), as well as legal costs (R666 thousand).

4.2 PROGRAMME TWO: SECTOR POLICY AND RESEARCH

4.2.1 Purpose

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

4.2.2 List of sub-programmes

The Sector Policy and Research Programme is made up of the following sub-programmes:

1. Research;
2. Policy and Legislation;
3. International Relations; and
4. Monitoring and Evaluation.

4.2.3 Strategic objectives

Strategic Objective 1.1: Reduced regulatory burdens and a conducive legislative and policy environment for SMMEs and Co-operatives.

Strategic Objective 1.2 Provide credible information on the status of the Co-operatives, Village and Township economies.

Strategic Objective 2.1. Scaled-up and coordinated support for SMMEs, Co-operatives, Village and Township economies.

4.2.4 Programme Two: Sector Policy and Research Performance against 2019/20 Annual Performance Plan Targets

PROGRAMME TWO: SECTOR POLICY AND RESEARCH							
Strategic Objective	Performance Indicator	Actual Achievement 2017/18	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
1: Policy and planning coherence in the sector, that promotes an enabling ecosystem for SMMEs and Co-operatives.							
1.1. Reduced regulatory burdens and a conducive legislative and policy environment for SMMEs and Co-operatives.	Number of municipalities assisted to roll out the Red-Tape Reduction Awareness Programme (RTRP) per year.	Annual target exceeded: 42 municipalities assisted in 12 workshops to roll out SMMEs and Co-operatives RTRP.	Target Achieved: 30 Municipalities were assisted to roll out the RTRP, namely: <ul style="list-style-type: none"> ▪ Lesedi Local Municipality ▪ Merafong Local Municipality ▪ Sedibeng District ▪ Midvaal Municipality ▪ Emfuleni Municipality ▪ Nketoana Local Municipality ▪ 5 District Municipalities and 18 Local Municipalities in the Free State ▪ Moses Kotane Municipality in North West. 	Red-Tape Reduction Awareness Programme rolled out in 16 municipalities.	Target achieved: Red-Tape Reduction Awareness Programme rolled out in 33 municipalities.	The target was exceeded by additional 17 Municipalities.	The Department has adopted a systemic approach to Awareness Workshops that enable multiple municipality events, arranged in partnership with Provincial Economic Development, COGTA, SALGA, Treasury and the Office of the Premier.

PROGRAMME TWO: SECTOR POLICY AND RESEARCH

Strategic Objective	Performance Indicator	Actual Achievement 2017/18	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
	Cabinet Memorandum submitted to the Minister on the Consolidated proposed amendment of the National Small Enterprise bill (content) document.	Annual target not achieved: The Bill was not developed and submitted to Minister for approval.	Target not Achieved: Amendment of the National Small Business Bill through legislative process not completed. Schedule 1 of the National Small Enterprises Act was gazetted on 15 March 2019. The position paper on Alternate Dispute Resolution has been finalised.	Submitted Cabinet memorandum to the Minister on the consolidated proposed amendment of the National Small Enterprise bill (content) document.	Target Achieved: The Department Submitted Cabinet memorandum to the Minister on the consolidated proposed amendment of the National Small Enterprise bill (content) document.	N/A	N/A
1.2. Provide credible information on the status of the Co-operatives, Village and Township economies.	Measurement Framework for the SMMEs index with dimensions and indicators approved.	N/A	N/A	Measurement Framework for the SMMEs index dimensions and indicators approved by EXCO.	Target Achieved: Measurement Framework for the SMMEs index dimensions and indicators approved by EXCO.	N/A	N/A

PROGRAMME TWO: SECTOR POLICY AND RESEARCH

Strategic Objective	Performance Indicator	Actual Achievement 2017/18	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
	Report on the reviewed Co-operatives registration process approved by ADG.	N/A	N/A	Report on the reviewed Co-operatives registration process with the intention of identifying areas for improvement that is approved by the ADG.	Target Achieved: Report on the reviewed Co-operatives registration process with the intention of identifying areas for improvement that is approved by the ADG.	N/A	N/A
2: Equitable access to responsive and targeted products and services that enable the growth and development of SMMEs and Co-operatives.							
2.1. Scaled-up and coordinated support for SMMEs, Co-operatives, Village and Township economies.	Annual report on the implementation Business Turnaround and Retention Plan.	N/A	N/A	Annual report on the implementation of the Business Turnaround and Retention Plan.	Target Achieved: Annual report on the implementation of the Business Turnaround and Retention Plan.	N/A	N/A

The Sector Policy and Research Programme achieved all its targets during this reporting year.

Red tape is one of the critical hindrances for business growth and sustainability that the DSBD, as part of its mandate, seeks to curb.

Proposed amendments of the National Small Business Act were finalised. This paved a critical path to the establishment of the Ombud Service. This further allowed the Executive Authority to prepare the Draft Bill for tabling at Cabinet. The establishment of the Ombud Service is an important step towards addressing the resolution of contractual disputes by small businesses and addressing their non or delayed payment by both Government and the private sector.

The measurement framework on the National SMMEs Index was developed in February 2020. The SMME Index seeks to address the current challenge regarding lack of credible, timely, reliable and consistent information within the small business eco-system. It is evident that the collection of data relating to the SMME landscape is haphazard with mixed assumptions used to quantify the contribution of small businesses to the economy including GDP (Gross Domestic Product), job creation and labour absorption.

The Co-operatives registration process was reviewed and the report finalised. The purpose of the review was to ascertain areas of development for Co-operatives and identify areas that may be negatively affecting Co-operatives. The review was also conducted with the aim of coming up with proposals for improvements which can be effected in order to ensure that Co-operatives are seamlessly and purposefully formed and registered in order to improve the sustainability of Co-operatives, as many of them that are registered are either not active or not growing. Small businesses often go through financial and operational difficulties and during times of economic difficulty, small businesses are the ones that are hit the hardest. Business turnaround and retention instead of business rescue therefore becomes important especially given the size of the enterprise. An annual report on business retention and turnaround was compiled to inform possible financial rescue packages for small businesses.

4.2.5 Strategies to address areas of under-performance

Not applicable.

4.2.6 Changes to planned targets

The table below outlines changes to planned targets and the reasons to amend the planned targets.

Performance indicator changed during the reporting period and reasons	
Performance indicator:	Reasons
Number of Local Municipal Action Plans on SMMEs and Co-operatives red tape reduction assessed.	Due to the change in the priorities of Government which were introduced during the start of the sixth administration
Number of SMMEs and Co-operatives red-tape reduction procedures analysed.	
Number of Research reports on SMMEs and Co-operatives key areas of support approved.	
Annual programme evaluation report on the planning, design and implementation of DSBD and Entity SMMEs financial or non-financial support programmes.	
Submission on the National Accord to drive the Small Business Mandate.	
Approved Annual Trend analysis report on 30% public procurement set asides directives for SMMEs and Co-operatives.	

Table: Linking performance with budgets: Programme Two: Sector Policy and Research

	2019/2020			2018/2019		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
Sub-Programme	R'000	R'000	R'000	R'000	R'000	R'000
Research	13 358	11 440	1 918	8 335	6 722	1 613
Policy and Legislation	5 783	3 666	2 117	5 678	4 806	872
International Relations	4 723	2 917	1 806	4 244	3 255	989
Monitoring and Evaluation	1 757	607	1 150	2 755	2 240	515
TOTAL	25 621	18 630	6 991	21 012	17 023	3 989

4.2.7 Reasons for Variance

Expenditure for Programme Two: Sector Policy and Research amounted to R18.6 million (72.7%) against the adjusted allocation of R25.6 million, resulting in an under expenditure of R7 million (27.3%). Compensation of employees contributed R6.4 million to underspending as a result of vacancies. Goods and services also underperformed by R551 thousand largely due to cancelled official trips and events which were planned for March 2020. The main cost drivers on expenditure for the Programme were Compensation of Employees at R13.4 million, and G&S at R5.1 million. The cost drivers on G&S were consultants (R2.6 million), travel and subsistence (R1.9 million) and printing (R212 thousand) for the publication of regulations for Co-operatives.

4.3 PROGRAMME THREE: INTEGRATED CO-OPERATIVES DEVELOPMENT

4.3.1 Purpose

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

4.3.2 List of sub-programmes

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

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

4.3.3 Strategic Objectives

- Strategic Objective 2.1 Scaled-up and coordinated support for SMMEs, Co-operatives, Village and Township economies.
- Strategic Objective 2.2. Expand access to financial SMMEs through partnerships and innovative service offerings.

4.3.4 Programme Three: Integrated Co-operatives Development Performance against 2019/20 Annual Performance Plan Targets

PROGRAMME THREE: INTEGRATED CO-OPERATIVES DEVELOPMENT							
Strategic Objective	Performance Indicators	Actual Achievement 2017/18	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
2: Equitable access to responsive and targeted products and services that enable the growth and development of SMMEs and Co-operatives							
2.1. Scaled-up and coordinated support for SMMEs, Co-operatives, Village and Township economies.	Number of Product markets roll out plan for SMMEs and Co-operatives approved.	N/A	N/A	Four (4) Product markets roll out plans for SMMEs and Co-operatives approved by ADDG.	Target Achieved: Four (4) Product markets roll out plans for SMMEs and Co-operatives approved by ADDG in the four provinces: <ul style="list-style-type: none"> ▪ North West (Home industries and fashion) ▪ Mpumalanga (Steel) ▪ Limpopo (Agricultural) ▪ Eastern Cape (Clothing). 	N/A	N/A
	Outcome Report on the number of SMMEs whose product quality has been tested and improved.	N/A	N/A	Outcome Report of 20 SMMEs whose product quality has been tested and improved.	Target Achieved: Outcome Report of 20 SMMEs whose product quality has been tested and improved.	N/A	N/A

PROGRAMME THREE: INTEGRATED CO-OPERATIVES DEVELOPMENT							
Strategic Objective	Performance Indicators	Actual Achievement 2017/18	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
	Blueprint Guideline document for the Procurement: Contracting and Sub-contracting for SMMEs and Co-operatives approved.	N/A	N/A	Blueprint Guideline document for the Procurement: Contracting and Sub-contracting requirements for SMME and Co-operatives.	Target not Achieved: Blueprint Guidelines document on SMMEs and Co-operatives Contracting were not approved.	Blueprint Guideline document for the Procurement: Contracting and Sub-contracting requirements for SMME and Co-operatives approved in April 2020.	The Blueprint on SMMEs and Co-operatives Contracting needed to be presented to EXCO for approval. The targeted EXCO meeting was cancelled due to COVID-19 pandemic measures.
	Number of Partnership Agreements with industry bodies secured and approved by ADG.	N/A	N/A	2 Partnership Agreements with industry bodies secured and approved by ADG.	Target Achieved: 3 Partnership Agreements with industry bodies secured and approved by ADG including: <ul style="list-style-type: none"> ▪ South African Electro-Technical Export Council, ▪ SA-German Chamber of Commerce and ▪ Proudly South African. 	1 Partnership Agreement with industry bodies secured.	Proudly South African was a follow-up from 2018/19 financial year.
2.2. Expand access to financial SMMEs through partnerships and innovative service offerings.	Co-operatives supported to the value of the R' million.	Annual Target Partially Achieved: 265 Co-operatives incentive scheme applications were approved by the end of the financial year.	Target Not Achieved: 121 Co-operatives were supported financially through the CIS.	Co-operatives supported to the value of the R87.9 million.	Target Not achieved Co-operatives supported to the value of the R85.7 million.	Under achievement by R2.2 million due to NYDA underperformance and claims that did not meet compliance requirements.	Lack of compliance with the CIS guidelines impacted negatively on the delivering of the annual target.

During the period under review, Programme Three: Integrated Co-operatives Development planned to roll out four Market Product markets for SMMEs and Co-operatives. The Programme also planned to support 20 SMMEs and Co-operatives whose product quality has been tested and improved. Both these targets were achieved as the roll-out plan was developed and a report was produced, detailing the 20 small businesses who were consulted through a workshop to document their challenges and develop an action plan for support.

The programme was involved in strategic engagements with key players within the public, private sector, as well as the International players. These engagements included, amongst others, partnerships with Proudly SA, as well as the South African Electro-Technical Export Council (SAEEC). Some of the outcomes from these partnerships included, but were not limited to, business matching activities, SMME participation at EXPOs that draw both national and international markets as well as targeted exposure and links with international markets through training, outward missions etc. South Africa Stakeholder Interdepartmental meetings on Bilateral Relations were held with Mauritius, IORA, Iran, G20, Zambia and Iran. Other high level engagements with Ethiopia, Mauritius and Sweden were cancelled "due to COVID-19". The programme was unable to host the Business-to-Business Matching Event and Exhibition, which was going to be co-hosted with Proudly SA. This was due to the COVID-19 nationwide lockdown. No report was therefore available for the Minister's attention. The National profile of market-ready SMMEs/Co-operatives is not fully developed yet, although the Department has embarked on an online platform initiative, supported by Telkom. This initiative will serve the same purpose.

4.3.5 Strategies to address areas of under-performance

Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
Blueprint on SMMEs and Co-operatives Contracting produced.	Blueprint on SMMEs and Co-operatives Contracting were not developed.	Blueprint on SMMEs and Co-operatives Contracting guideline is planned to be presented to EXCO during the 2020/21 Financial year.
Co-operatives supported to the value of the R87.9 million.	Co-operatives were not supported to the value of the R2.2 million. Under achievement due to targets that did not meet compliance requirements.	CIS Guidelines and SOP have been amended to ensure compliance by staff and Co-operatives. Staff will be trained accordingly.

4.3.6 Changes to planned targets

The table below outlines changes to planned targets and the reasons to amend the planned targets.

Performance indicator changed during the reporting period and reasons	
Performance Indicator:	Reasons
Co-operatives Development Agency (CDA) Established.	Due to the change in the priorities of Government which were introduced during the start of the sixth administration.
Number of Provinces supported to align their Provincial Co-operative Strategies to the National Strategy.	
Number of municipalities supported to integrate enterprise and Co-operatives development and support their Plans.	
Mid-term review of the Co-operatives Strategy.	
National Co-operatives Summit convened.	
International Co-operatives Day (ICD) event hosted.	
Assessment Report of Co-operatives funded by the Department and its agencies.	
Number of Co-operatives supported through training.	
Rand value of resources leverage through partnerships with sector stakeholders per annum.	

Table: Linking performance with budgets: Programme Three

Sub-Programme	2019/2020			2018/2019		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Co-operatives Development	9 364	8 538	826	7 555	6 119	1 436
Co-operatives Programme Design and Support	105 305	99 303	6 002	98 915	54 208	44 707
Supplier Development and Market Access Support	12 359	11 756	603	15 305	14 951	354
TOTAL	127 028	119 597	7 431	121 775	75 278	46 497

4.3.7 Reasons for Variance

Expenditure for the Programme Three: Integrated Co-operatives Development amounted to R119.6 million (94.1%) against the adjusted allocation of R127 million, resulting in an under expenditure of R7.4 million (5.9%).

Non-submission of supporting documents worth R1.8 million by the NYDA and technical issues with banking details led to the CIS, underspending by R2.3 million in terms of transfers and subsidies. Compensation of employees underspent by R4 million due to existing vacancies, whilst G&S underspent by R1.1 million, largely on Travel and Subsistence (R751 thousand) and Catering (R159 thousand) due to cancelled official trips and meetings.

The main cost drivers for expenditure in the Programme for the period under review were Transfers and Subsidies at R85.7 million, Compensation of Employees at R29.2 million, as well as G&S at R4.3 million. The drivers of expenditure on Goods and Services were travel and subsistence (R3.6 million), travel agency fees (R191 thousand), Communication (R183 thousand), catering for departmental activities (R145 thousand) and fleet services (R124 thousand).

4.4 PROGRAMME FOUR: ENTERPRISE DEVELOPMENT AND ENTREPRENEURSHIP

4.4.1 Purpose

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

4.4.2 List of sub-programmes

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

1. Enterprise and Supplier Development
2. SMMEs Programme Design and Support
3. Entrepreneurship

4.4.3 Strategic Objectives

- Strategic Objective 2.1 Expand access to financial SMMEs through partnerships and innovative service offerings.
- Strategic Objective 2.2. Scaled-up and coordinated support for SMMEs, Co-operatives, Village and Township economies.

4.4.4 Programme Four: Enterprise Development and Entrepreneurship Development performance against 2019/20 Annual Performance Plan targets

PROGRAMME FOUR: ENTERPRISE DEVELOPMENT AND ENTREPRENEURSHIP							
Strategic Objective	Performance Indicators	Actual Achievement 2017/18	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
2: Equitable access to responsive and targeted products and services that enable the growth and development of SMMEs and Co-operatives							
2.1. Expand access to financial SMMEs through partnerships and innovative service offerings.	SMMEs and Co-opts supported through blended finance to the value of R' Million.	N/A	N/A	SMMEs and Co-operatives supported through blended finance to the value of R100 Million.	Target Not Achieved SMMEs and Co-operatives supported through Blended Finance to the value of R80 million, which was transferred to sefa for implementation.	R20 million was transferred from Blended Finance Programme to COVID-19 interventions.	N/A
	SMMEs supported through the BBSDP to the value of R' million.	Annual target partially achieved: 508 Black SMMEs supported through BBSDP.	Target Not Achieved: 505 black SMMEs were supported through the BBSDP.	SMMEs supported through the BBSDP to the value of R206.1 million.	Target Not Achieved SMMEs supported through the BBSDP to the value of R111 million.	R100 million was transferred from BBSDP to Blended Finance through virement process.	N/A
	Number of Informal businesses supported through the Informal and Micro Enterprise Development Programme (IMEDP).	Annual target not achieved: 570 Informal businesses supported through the IMEDP.	Target Achieved: 1 922 Informal businesses were supported through the IMEDP.	1000 informal business supported through the IMEDP.	Target Achieved 3 524 Informal Business supported through the IMEDP.	An additional 2 524 informal business was supported over and above the planned target.	The Programme budget that was previously allocated for Products and Markets Programme was reprioritised to support informal traders from the existing pipeline.

PROGRAMME FOUR: ENTERPRISE DEVELOPMENT AND ENTREPRENEURSHIP

Strategic Objective	Performance Indicators	Actual Achievement 2017/18	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
	Number of Crafters supported through the Craft Customised Sector Programme.	N/A	N/A	700 Crafters supported through the Craft Customised Sector Programme.	Target Achieved 2 535 Crafters supported through the Craft Customised Sector Programme.	The planned annual target was exceeded by 1 835 Crafters supported through the Craft Customised Sector Programme.	More Crafters were supported as part of the Marula Festival that took place in Limpopo during the year under review.
	Number of Informal Business Infrastructure partnership agreements secured.	Annual target exceeded: Achievement is these 6 local municipalities and one Development Trust: <ul style="list-style-type: none"> ▪ Ingquza Hill; ▪ Mossel Bay; ▪ Makhado; ▪ Greater Taung; ▪ Alfred Duma; ▪ Stellenbosch; and ▪ Matsila Development Trust. 	Target Achieved: 7 Informal Business Infrastructure Partnership agreements secured.	Six (6) Informal Business Infrastructures partnership agreements secured.	Target Not Achieved There were no Informal Business Infrastructure partnerships agreements secured.	There were zero Informal Business Infrastructure partnerships agreements secured due to funds being repurposed for products and markets development.	Funds were re-purposed for products and markets development for the financial year under review.
2.2. Scaled-up and coordinated support for SMMEs, Co-operatives, Village and Township economies.	Small Enterprise Development Masterplan Framework approved by EXCO.	N/A	N/A	Small Enterprise Development Masterplan Framework document developed and approved by EXCO.	Target Not Achieved Small Enterprise Development Masterplan Framework document developed and not approved by EXCO.	Small Enterprise Development Masterplan Framework document developed and could not be approved due to postponement of EXCO meeting.	Small Enterprise Development Masterplan Framework document developed were scheduled to be presented to EXCO for final approval. The targeted EXCO meeting was deferred due to COVID-19 Pandemic.

PROGRAMME FOUR: ENTERPRISE DEVELOPMENT AND ENTREPRENEURSHIP

Strategic Objective	Performance Indicators	Actual Achievement 2017/18	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
	An approved Report on the number of digital hubs in townships and rural areas established.	N/A	Target Achieved: 13 SMMEs Incubators were supported through the EIP.	An approved Report on four (4) digital hubs in townships and rural areas established.	Target Achieved An approved Report on Six (6) digital hubs in townships and rural areas established. SBTI Botshabelo Digital Hub, Limpopo Digital Hub, 4th Industrial Revolution, KwaMashu Digital Hub, Alexandra Digital Hub and Mafikeng Digital Hub.	The planned target was exceeded by establishment of two (2) additional Digital Hubs in townships and rural areas.	Additional funding secured through EDSE and other partners such as eThekweni Municipality (Smart Xchange) assisted the Department to finance more Digital Hubs than planned.
	Guideline document on defined support programmes for informal sector approved by ADG.	N/A	N/A	Guideline document on defined support programmes for informal sector Developed and approved.	Target Achieved Guideline document on defined support programmes for informal sector Developed and approved.	N/A	N/A
	Funding model guideline document approved.	N/A	N/A	Funding model guideline document developed and approved by EXCO.	Target Not Achieved Funding model guideline document developed and not approved by EXCO.	Funding model guideline document but could not be approved due to postponement of EXCO meeting.	The funding guidelines were scheduled to be presented to EXCO for final approval. The targeted EXCO meeting was deferred due to COVID-19

The Enterprise Development and Entrepreneurship Programme, through support programmes such as Blended Finance and the Black Business Supplier Development Programme, managed to expand access to finance to SMMEs. A total of 2 535 Crafters were also supported through the Craft Customised Sector Programme. The programme also focused on the development of informal business with a view to stimulate radical that will lead to increased employment, poverty alleviation and reduced inequality.

The Enterprise Development and Entrepreneurship programme continued to deepen its support to SMMEs and Co-operatives, more specifically in the townships and rural areas. Through the Enterprise and Incubation Programme, six digital hubs were established in rural and township areas with the focus on developing and intensifying support, and sustaining existing SMMEs and Co-operatives. This was also evident through the development of a draft Small Business Master Plan which, which aimed at providing guidance in scaling up and coordinating support for SMMEs and Co-operatives.

The lack of access to physical infrastructure is a key impediment to business growth and adds significantly to the cost of doing business, more especially for SMMEs and Co-operatives in rural and township areas.

4.4.5 Strategies to address areas of under-performance

Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
SMMEs and Co-operatives supported through blended finance to the value of R' Million.	Target Not Achieved SMMEs and Co-operatives not supported through Blended Finance to the value of R20 million, which was transferred to sefa for implementation.	Going forward, the Blended Finance programme will be implemented by sefa.
SMMEs supported through the BBSDP to the value of R' million.	Target Not Achieved SMMEs not supported through the BBSDP to the value of R95.1 million. R60 million was re-prioritised to the COVID 19 emergency fund.	The Department has developed and introduced new business delivery model and as such the BBSDP is being phased out.
Number of Informal Business Infrastructure partnership agreements secured.	Target Not Achieved Zero (0) informal business infrastructure partnerships secured.	During the 2020/21 financial year, the Department will prioritise and focus on Products Markets.
Small Enterprise Development Masterplan Framework approved by EXCO.	Target Not Achieved Small Enterprise Development Masterplan Framework document developed and not approved by EXCO.	Small Enterprise Development Masterplan Framework is planned to be presented to EXCO during the 2020/21 financial year.
Funding model produced.	Target Not Achieved Funding model guideline document developed and approved by EXCO.	The Funding guideline is planned to be presented to EXCO during the 2020/21 financial year.

4.4.6 Changes to planned targets

The table below outlines changes to planned targets and the reasons to amend the planned targets.

Performance indicator changed during the reporting period and reasons	
performance indicator:	Reasons
National Entrepreneurship Development Framework	Due to the change in the priorities of Government which were introduced during the start of the sixth administration
Approved framework of standards for professionalisation of Business Advisory services.	

Table: Linking performance with budgets: Programme Four

	2019/2020			2018/2019		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
Sub-Programme	R'000	R'000	R'000	R'000	R'000	R'000
Enterprise and Supplier Development	1 783 177	1 782 845	332	861 394	861 083	311
SMMEs Programme Design and Support	209 742	190 445	19 297	353 291	338 114	15 177
Entrepreneurship	3 509	604	2 905	3 041	2 570	471
TOTAL	1 996 428	1 973 894	22 534	1 217 726	1 201 766	15 960

4.4.7 Reasons for Variance

Expenditure for the Programme was R1.974 billion (98.9%) against the adjusted allocation of R1.996 billion, resulting in an under expenditure of R22.5 million (1.1%).

The non-compliant claims and partial submission of supporting documents by the NYDA led to transfers and subsidies underspending by R17.7 million. The programmes that underspent were the BBSDP that underspent by R14.6 million, and the National Informal Business Upliftment Scheme that underspent by R3.2 million. Compensation of employees underspent by R3.9 million due to existing vacancies, whilst G&S underspent by R894 thousand largely due to cancelled official trips and outstanding travel invoices.

The main cost drivers for expenditure in the Programme were Transfers and Subsidies at R1.940 billion, Compensation of Employees at R30.1 million and G&S at R3.7 million. The drivers of expenditure in G&S were Travel and Subsistence (R2.7 million), Venues and Facilities (R307 thousand), Contractors (R133 thousand), Communication (R128 thousand), and Travel agency fees (R128 thousand).

4.5 Transfer Payments

Public entities receive sizeable transfer payments from Government and are often the frontline providers of services on behalf of Government. It is therefore important to understand the impact of these services on the community. Departments are requested to provide information on the services provided by these public entities, transfer payments to the public entities, the actual amount spent from the transfer received by the public entities, strategic achievements of the public entity. Departments are also required to comment on monthly monitoring systems or the lack thereof to monitor spending on such transfer payments. If such monitoring did take place, departments must provide details of difficulties experienced and what steps (if any) were taken to rectify such difficulties.

Table: Transfer payments to public entities

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity R'000	Amount spent by the public entity R'000	Achievements of the public entity
Seda	<ul style="list-style-type: none"> ▪ Business registrations; ▪ Business planning; ▪ Business advice counselling and training; ▪ Facilitation of access to finance; ▪ Facilitation of access to markets; ▪ Co-operative support; ▪ Business Incubation; and ▪ Targeted small enterprise training 	680 076	Accounted for in the Seda 2019/20 Annual Report	Accounted for in the Seda 2019/20 Annual Report
Seda	Technology Programme Access to technology	152 281	Accounted for in the Seda 2019/20 Annual Report	Accounted for in the Seda 2019/20 Annual Report
Seda	Capacity-building programme for Economic Development Provision of technical capacity and skills development	15 406	Accounted for in the Seda 2019/20 Annual Report	Accounted for in the Seda 2019/20 Annual Report
Seda	National Gazelles Programme	35 000	Accounted for in the Seda 2019/20 Annual Report	Accounted for in the Seda 2019/20 Annual Report
sefa	Small Business Innovation Fund And COVID-19 – emergency fund	879 000	Accounted for in the sefa 2019/20 Annual Report	Accounted for in the sefa 2019/20 Annual Report
TOTAL		1 761 763		

4.6 Conditional grants

Not Applicable

4.7 Conditional grants and earmarked funds paid

Not Applicable

4.8 Conditional grants and earmarked funds received

Not Applicable

5. Donor Funds

5.1 Donor Funds Received

The DSBD received donor funds from the European Union amounting to R166.2 million for the implementation of the European Union Employment Promotion through the SMME Support Programme. The purpose of the donor funding was to support inclusive and sustainable economic growth and employment creation in South Africa in line with the NDP employment objectives. The funding was received in cash through a transfer via the Reconstruction Development Programme (RDP) fund and progress and financial reports were submitted to NT.

The Department managed to develop a business case for the 4th Industrial Revolution focal hub and approval was obtained the establishment of six township ICT hubs. The garage model was piloted with two Gauteng-based incubators in terms of the

Enterprise Supplier Development initiative and 15 enterprises benefited from the project. An Enterprise Supplier Development was also established and the appointment of programme managers to oversee the effective implementation and monitoring of the programme was initiated.

Name of donor	The Employment Promotion through SMME Support Programme
Full amount of the funding (R '000)	166 199
Period of the commitment	24 July 2017 to 23 July 2022
Purpose of the funding	To support inclusive and sustainable economic growth and employment creation in South Africa
Expected outputs	Reduce official unemployment
Actual outputs achieved	4 projects initiated
Amount received (R'000)	166 199
Amount spent by the Department (R'000)	162 230
Reasons for the funds unspent	Delay in the finalisation of a Joint Work Plan between SA and the Organisation for Economic Cooperation and Development (OECD) to secure the services of the OECD and delay in approval processes
Monitoring mechanism by the donor	Financial, progress and audit reports

6. Capital Investment

6.1 Capital investment, maintenance and asset management plan

- The asset holding has changed over the period under review: The DSBD closed the year with 749 capital assets worth R20.423 million, and 405 minor assets worth R1.181 million. The Department disposed of 67 assets worth R1 390 437.46.
- Measures taken to ensure that the Department's asset register remained up to date during the period under review: Assets were recorded and barcoded on receipt and an inventory list issued to the official who signs and acknowledges receipt thereof. Monthly asset reconciliations were performed and quarterly physical asset verifications were performed and unaccounted for asset were included in the losses and damages register. The list would then be provided to Security Management for investigations. For the period under review, the state of the Department's assets (1 149), reflected that 1 052 (92%) assets were in a good state, 69 (6%) were fair and 28 (2%) were categorised as poor.
- Major maintenance projects that have been undertaken during the period under review: None.
- Progress made in addressing the maintenance backlog during the period under review, for example, has the backlog grown or become smaller? Is the rate of progress according to plan? If not, why not, and what measures were taken to keep on track: Not Applicable.

	2019/2020			2018/2019		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
Infrastructure projects	R'000	R'000	R'000	R'000	R'000	R'000
New and replacement assets						
Existing infrastructure assets	N/A	N/A	N/A	N/A	N/A	N/A
- Upgrades and additions	N/A	N/A	N/A	N/A	N/A	N/A
Rehabilitation, renovations and refurbishments	N/A	N/A	N/A	N/A	N/A	N/A
Maintenance and repairs	N/A	N/A	N/A	N/A	N/A	N/A
Infrastructure transfer	N/A	N/A	N/A	N/A	N/A	N/A
Current	N/A	N/A	N/A	N/A	N/A	N/A
Capital	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL						

PART C:

GOVERNANCE



1. INTRODUCTION

The Department has put governance structures in place to ensure good governance and effective, efficient and economical use of state resources in the following areas: - Risk management, Anti-fraud and corruption, Minimising conflicts of interest, Code of conduct, Health, safety and environmental issues, Portfolio Committee, Audit and Risk Committee, and Broad-based Black Economic Empowerment (B-BBEE) Compliance Performance Information.

2. RISK MANAGEMENT

The Department has an approved Risk Management Policy and Strategy. The Department reviewed and approved the 2020/21 Risk and Ethics Management Implementation Plan. The Risk and Ethics Management Unit conducts regular risk assessments to identify new and emerging risks.

Furthermore, both Risk and Ethics Management Committees and the Audit and Risk Committee provide instructive advice on risk and ethics management related matters. This was made possible through the discussion and submission of quarterly risk and ethics management progress reports. The Department appointed two additional external members for the Risk and Ethics Management Committee in compliance with the Public Sector Risk Management Framework.

3. FRAUD AND CORRUPTION

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

4. MINIMISING CONFLICT OF INTEREST

All members of the SMS are expected to disclose their business interests on an annual basis via the eDisclosure system, in terms of the Public Service Regulations, as amended. The employees are informed when a conflict of interest is identified before submission to the Public Service Commission.

The Department verifies ownership of companies on the Central Supplier Database (CSD) and the Company and Intellectual Property Commission (CIPC) and lastly, determines State employment against the Department of Public Service and Administration (DPSA). These measures assist in detecting

cover quoting and doing business with the State by public servants. From the Bid Committees' perspective members are requested, through the attendance register, to declare any conflict of interest where any exists. Where it is disclosed / detected, members are requested to recuse themselves from the proceedings.

5. CODE OF CONDUCT

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

6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

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

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

7. PORTFOLIO COMMITTEES

In the year under review, the Department together with its entities being Seda and sefa met with the Portfolio Committee on Small Business Development and the Select Committee on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour.

In its engagement with the Portfolio and the Select Committees the SBD Portfolio presented progress on strategic as well as

matters of public interest. Amongst others the SBD portfolio presented the following key issues:

- Quarterly Performance Reports by the DSBD, Seda and sefa;
- 2019/20 Annual Performance Plan;
- 2018/19 Annual Report;
- Progress report on the amendment of the Small Enterprise Act;
- Consideration of the Budget Vote; and
- Progress on implementation of projects supported by the SBD Portfolio.

The Department took note of the Committees' findings, observations and recommendations and developed control mechanisms to monitor progress on implementation of recommendations or resolutions by the Committees.

8. STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA) RESOLUTIONS

None.

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

None.

10. INTERNAL CONTROL UNIT

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

11. INTERNAL AUDIT AND AUDIT COMMITTEES

The Internal Audit Unit is in place and reports functionally to the Audit and Risk Committee (ARC) and administratively to the ADG. A risk-based audit plan was approved by the ARC for execution in the 2019/20 financial year and reports were issued on a quarterly basis.

The Unit provided assurance on key processes including Governance, Performance Information, Human Resources, Expenditure Management, Monitoring and Evaluation, Communications, as well as the transfers for development finance incentives. The audits also covered assessment of progress made in the implementation of previous recommendations and action plans. In addition to the approved plan Internal Audit accepted five consulting engagements which were completed during the year under review.

The Unit recorded a slight improvement in capacity with the appointment of the Assistant Internal Auditor and two audit interns. Project Management capacity remains inadequate compared to the scope and the number of programmes to be covered each year.

12. AUDIT AND RISK COMMITTEE REPORT

The ARC was in place and provided oversight over internal control, risk management and governance matters in the Department. The Committee operated in terms of an approved ARC Charter and in accordance with the requirements of the PFMA and Treasury Regulations. The Committee was operational from April 2019 until the end of their term in December 2019. The Committee held 6 meetings during their term of office and no meetings were held after December 2019.

Schedule of ARC Members and attendance

Name	Qualification	Internal/ External	Date Appointed/ terminated	Meetings
Mr. Ayanda Wakaba (Chairperson)	B. Acc, BCompt (Hons), MBA	External	December 2015 - December 2019	6/6
Ms. Veronica du Preez	BA, BCom, MBA, CIA	External	December 2015 - December 2019	6/6
Mr. Lindokuhle Mkhumane	BCom, PDG, MBL	Internal	October 2018	6/6
Dr. Anushka Bogdanov	BCom, DGD, MBA, PHD International Finance	External	November 2018 – November 2019	4/6
Mr. Charl de Kock	MCom, CISA, CIA, BCom Hons (Acc), SAIPA (IT Audit)	External	November 2018 – November 2019	5/6

The report covers the activities completed by the Audit and Risk Committee during their term of office which ended in December 2019.

12.1 Audit Committee Responsibility

The ARC reports that it complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The ARC also reports that it adopted appropriate formal terms of reference as its Audit Committee Charter, regulated its affairs in compliance with this charter and discharged all its responsibilities as contained therein. During their term of office, the ARC completed the following activities towards the achievement of their mandate:

- Reviewed three Internal Audit quarterly progress reports against plans.
- Approved the Audit Strategy for 2019/20.
- Reviewed the three quarterly financial and performance information of the Department.
- Reviewed progress on management action plans to address audit findings.
- Reviewed the effectiveness of the risk management system.
- Evaluated its performance for 2019/20 and effectiveness in fulfilling its functions.
- Approved the draft annual financial statements and the annual performance report for 2018/19 before submission to the Auditor-General.

12.2 The Effectiveness of Internal Control

The ARC reviewed reports presented by management and audit reports from both Internal and External Audits. The Committee has considered all information at its disposal and

concluded that the system of internal control is generally sound with a need for improvement in certain areas. The areas requiring further improvement include:

- Compliance with guidelines and standard operating procedures in the administration of development finance incentives.
- Monitoring of activities funded through development finance incentives.
- Compliance with the requirements for reporting and maintaining evidence for performance information.
- Delays in filling vacancies in key management positions.

12.3 In-Year Management and Monthly/Quarterly Report

The Committee considered the three quarterly financial and performance information reports submitted by management and has obtained assurance from Internal Audit, the Chief Financial Officer and the Strategy Unit on the adequacy of these reports.

13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The Department is currently working on the B-BBEE Verification. It was hoped that the process would be finalised by the end of the 2019/20 Financial Year. The outbreak of the COVID-19 pandemic unfortunately brought the process to a halt. However, the Department has resumed the process. All the required interviews have been finalised and all the required Human Resources (HR) documentation was submitted. The file has been submitted for review and the outcome should be communicated to the Department before 30 September 2020.

PART D:

HUMAN RESOURCE MANAGEMENT



1. INTRODUCTION

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

2. OVERVIEW OF HUMAN RESOURCES

2.1. The status of human resources in the Department

The year under review was a year of change and highlighted by several challenges for HR in the Department. Some of these challenges included low staff morale due to the delay in finalising the organisational structure; high levels of workload resulting from a high vacancy rate; and increased levels of fatigue resulting in increased use of sick and temporary incapacity leave.

In addition, the 12.4% vacancy resulted in the Department returning more than 14 million of the CoE budget at the end of the reporting period.

The Department did well in maintaining representation of women in senior management positions at 55.9%. In addition, the Department also maintained employment of PWDs at 2.4% of the workforce, above the 2% that was targeted.

The high levels of workload further increased levels of sick and incapacity leave with 88% of the workforce using an average of 8.5 days' sick leave over the reporting period. In 83% of these cases, sick leave certificates were provided. In addition, six employees moved into utilisation of incapacity leave averaging 61 days per employee.

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

Finalisation of the organisational structure was a priority for the year under review. However, the Department was not able to finalise this process pending finalisation of the strategic plan. The finalisation of the organisational structure is a priority for 2020/21 financial year.

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

Finalisation of the organisational structure will remain a priority going forward. In addition, the Department will develop a new medium-term HR plan, as well as an Employment Equity (EE) plan during the 2020/21 financial year. Further, the state of lockdown experienced towards the end of the period under review, forced the HR Component to consider alternative ways of supporting staff. Therefore, going forward focus will have to be on innovation and automation in respect of recruitment and selection processes.

2.4. Employee performance management

The Department is steadily improving when considering compliance to performance management prescripts with all senior managers complying with the due date of 31 May 2019 during contracting. This further led to a significant increase (from approximately 85% to 100%) in compliance for the Department from the previous reporting period.

2.5. Employee wellness programmes

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

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

At the end of the 2019/20 financial year, the Department managed to initiate the process to advertise the DG post.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

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

3.1. Personnel-related expenditure²

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

- Amount spent on personnel
- Amount spent on salaries, overtime, homeowners' allowances and medical aid.

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2019 and 31 March 2020

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	116 659	64 450	799	1 143	55.2%	614
Sector Policy and Research	18 630	13 392	0.00	2 646	71.9%	744
Integrated Co-Operatives Development	119 597	29 170	0.00	0.00	24.4%	648
Enterprise Development and Entrepreneurship	1 973 894	30 061	0.00	0.00	1.5%	683
TOTAL	2 219 822	137 073	799	3 789	6.2%	647

Table 3.1.2 Personnel costs by salary band for the period 1 April 2019 and 31 March 2020

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (levels 1-2)	-	-	-	-
Skilled (levels 3-5)	3 887	2.8%	17	229
Highly skilled production (levels 6-8)	30 846	22.5%	73	423
Highly skilled supervision (levels 9-12)	52 647	38.4%	68	774
Senior and Top management (levels 13-16)	48 719	35.5%	37	1 317
Contract Other	887	0.6%	16	55
Periodical Remuneration	87	0.1%	1	87
TOTAL	137 073	100%	212	647

² Information related to Personnel Expenditure includes the Political Office Bearers.

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2019 and 31 March 2020

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Administration	57 412	89.1%	370	0.6%	824	1.3%	1 353	2.1%
Sector Policy and Research	11 957	89.3%	0	0.0%	79	0.6%	254	1.9%
Integrated Co-Operatives Development	25 834	88.6%	0	0.0%	273	0.9%	668	2.3%
Enterprise Development and Entrepreneurship	26 353	87.7%	9	0.03%	441	1.5%	999	3.3%
TOTAL	121 556	88.7%	379	0.3%	1 618	1.2%	3 274	2.4%

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2019 and 31 March 2020

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (levels 1-2)	-	-	-	-	-	-	-	-
Skilled (levels 3-5)	3 314	85.3%	111	2.9%	169	4.3%	281	7.2%
Highly skilled production (levels 6-8)	26 213	85.0%	145	0.5%	957	3.1%	1 785	5.8%
Highly skilled supervision (levels 9-12)	46 994	89.3%	123	0.2%	318	0.6%	795	1.5%
Senior management (levels 13-16)	44 056	90.4%	0	0.0%	174	0.4%	413	0.8%
Contract Other	887	100%	0	0.0%	0	0.0%	0.00	0.0%
Periodical Remuneration	87	100%	0	0.0%	0	0.0%	0.00	0.0%
TOTAL	121 556	88.7%	379	0.3%	1 618	1.2%	3 274	2.4%

3.2 Employment and Vacancies²

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

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

This information is presented in terms of three key variables:

- Programme
- Salary band
- Critical occupations (see definition in notes below).

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

Table 3.2.1 Employment and vacancies by programme as on 31 March 2020

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	102	87	14.7%	14
Sector Policy and Research	17	15	11.8%	3
Integrated Co-Operatives Development	44	39	11.4%	5
Enterprise Development and Entrepreneurship	46	42	8.7%	2
TOTAL	209	183	12.4%	24

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2020

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (levels 1-2)	-	-	-	-
Skilled (levels 3-5)	19	16	15.8%	1
Highly skilled production (levels 6-8)	76	67	11.8%	21
Highly skilled supervision (levels 9-12)	73	66	9.6%	2
Senior management (levels 13-16)	41	34	17.1%	0
TOTAL	209	183	12.4%	24

³ Information in this section and going forward excludes the Political Office Bearers

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2020

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related	24	20	16.7%	5
Communication and Information Related	2	1	50.0%	1
Economists	1	1	0.0%	0
Finance and Economics Related	2	2	0.0%	0
Financial and Related Professionals	3	3	0.0%	1
Financial Clerks and Credit Controllers	5	5	0.0%	0
Food Services Aids and Waiters	2	2	0.0%	0
Head of Department	1	0	100.0%	0
Household and Laundry Workers	4	3	25.0%	0
Human Resources & Organisational Development & Related Professionals	5	3	40.0%	0
Human Resources Clerks	1	1	0.0%	0
Human Resources Related	10	8	20.0%	0
Legal Related	2	2	0.0%	0
Library Mail and Related Clerks	1	1	0.0%	0
Light Vehicle Drivers	2	2	0.0%	0
Logistical Support Personnel	5	4	20.0%	1
Messengers, Porters and Deliverers	1	1	0.0%	0
Other Information Technology Personnel	0	0	0.0%	2
Risk Management and Security Services	4	4	0.0%	3
Secretaries & Other Keyboard Operating Clerks	21	18	14.3%	2
Senior Managers	40	34	15.0%	0
Trade/Industry Advisers & Other Related Professionals	73	68	6.8%	9
TOTAL	209	183	12.4%	24

3.3 Filling of SMS Posts

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

Table 3.3.1 SMS post information as on 31 March 2020

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General / Head of Department	1	0	0.0%	1	100.0%
Salary Level 16	0	0	0.0%	0	0.0%
Salary Level 15	3	1	33.3%	2	66.7%
Salary Level 14	9	7	77.8%	2	22.2%
Salary Level 13	28	26	92.8%	2	7.1%
TOTAL	41	34	82.9%	7	17.1%

Table 3.3.2 SMS post information as on 30 September 2019

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General / Head of Department	1	0	0.0%	1	100.0%
Salary Level 16	0	0	0.0%	0	0.0%
Salary Level 15	3	1	33.3%	2	66.7%
Salary Level 14	9	7	77.8%	2	22.2%
Salary Level 13	28	27	96.4%	1	3.6%
TOTAL	41	35	85.4%	6	14.6%

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2019 and 31 March 2020

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General / Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	1	1	0
Salary Level 13	0	3	0
TOTAL	1	4	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 2019 and 31 March 2020

Reasons for vacancies not advertised within six months
Director-General (L 16) – Decision from Executive Authority not to fill the DG post until finalisation of the structure.
2 x Deputy Directors-General posts (L 15) – Decision from Executive Authority not to fill DDG posts until finalisation of the structure.
2 x Chief Director posts (L 14) – Decision from Executive Authority to initially not fill any CD posts until finalisation of the structure.
1 Director post (L 13) – Decision from Executive Authority not to fill any Director posts until finalisation of the structure.

Reasons for vacancies not filled within twelve months
Director-General (L16) – Decision from Executive Authority not to fill the DG post until finalisation of the structure.
2 x Deputy Directors-General posts (L15) – Decision from Executive Authority not to fill DDG posts until finalisation of the structure.
2 x Chief Director posts (L14) – Decision from Executive Authority to initially not fill any CD posts until finalisation of the structure.
1 Director post (L13) – Decision from Executive Authority not to fill any Director posts until finalisation of the structure.

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 2019 and 31 March 2020

Reasons for vacancies not advertised within six months
None – decision was taken by the Executive Authority not to advertise until finalisation of the structure review.

Reasons for vacancies not filled within six months
None – decision was taken by the Executive Authority not to advertise until finalisation of the structure review.

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 2019 and 31 March 2020

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)	-	-	-	-	-	-	-
Skilled (levels 3-5)	19	0	0.0%	0	0.0%	0	0.0%
Highly skilled production (levels 6-8)	76	0	0.0%	0	0.0%	0	0.0%
Highly skilled supervision (levels 9-12)	73	0	0.0%	0	0.0%	0	0.0%
Senior Management Service Band A	28	0	0.0%	0	0.0%	0	0.0%
Senior Management Service Band B	9	0	0.0%	0	0.0%	0	0.0%
Senior Management Service Band C	3	0	0.0%	0	0.0%	0	0.0%
Senior Management Service Band D	1	0	0.0%	0	0.0%	0	0.0%
TOTAL	209	0	0.0%	0	0.0%	0	0.0%

The following table provides a summary of the number of employees whose positions were upgraded due to their posts being upgraded.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2019 and 31 March 2020

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

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

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2019 and 31 March 2020

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Secretaries and other Keyboard Operators	1	7	10	Employee moved from the Ministry to the Department
Secretaries and other Keyboard Operators	6	7	8	As per initial transfer level from previous Department
Administrative Related	2	6	7	As per initial transfer level from previous Department
Administrative Related	1	5	6	As per initial transfer level from previous Department
Total number of employees whose salaries exceeded the level determined by job evaluation				10
Percentage of total employed				4.8%

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 2019 and 31 March 2020

Gender	African	Asian	Coloured	White	Total
Female	6	0	1	1	10
Male	1	0	1	0	1
TOTAL	7	0	2	1	10

Employees with disability	1	0	0	0	1
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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 2019 and 31 March 2020

Salary band	Number of employees at beginning of period – 1 April 2019	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Lower skilled (levels 1-2)	0	0	0	0.0%
Skilled (levels 3-5)	15	0	1	6.7%
Highly skilled production (levels 6-8)	70	2	7	10.0%
Highly skilled supervision (levels 9-12)	66	0	3	4.5%
Senior Management Service Bands A	25	0	2	8.0%
Senior Management Service Bands B	8	0	2	25.0%
Senior Management Service Bands C	1	0	0	0.0%
Senior Management Service Bands D	0	0	0	0.0%
Contracts	11	34	11	100.0%
TOTAL	196	36	26	13.3%

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2019 and 31 March 2020

Critical occupation	Number of employees at beginning of period – 1 April 2019	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Administrative Related	21	9	9	42.9%
Communication and Information Related	2	0	0	0.0%
Economists	1	0	0	0.0%
Finance and Economics Related	2	0	0	0.0%
Financial and Related Professionals	3	1	0	0.0%
Financial Clerks and Credit Controllers	4	1	0	0.0%
Food Services Aids and Waiters	4	0	2	50.0%
Household and Laundry Workers	0	3	0	0.0%
Human Resources & Organisational Development & Related Professionals	2	1	0	0.0%
Human Resources Clerks	1	0	0	0.0%
Human Resources Related	10	0	1	10.0%
Legal Related	2	0	0	0.0%
Library Mail and Related Clerks	1	1	0	0.0%

Critical occupation	Number of employees at beginning of period – 1 April 2019	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Light Vehicle Drivers	3	0	1	33.3%
Logistical Support Personnel	5	1	1	20.0%
Messengers Porters and Deliverers	1	0	0	0.0%
Other Information Technology Personnel	0	2	0	0.0%
Risk Management and Security Services	3	4	0	0.0%
Secretaries & Other Keyboard Operating Clerks	21	2	1	4.8%
Senior Managers	39	4	8	20.5%
Trade/Industry Advisers & Other Related Profession	71	9	3	4.2%
TOTAL	196	38	26	13.3%

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 2019 and 31 March 2020

Termination Type	Number	% of Total Resignations
Death	1	3.8%
Resignation	7	26.9%
Expiry of contract	11	42.3%
Dismissal – operational changes	0	0%
Dismissal – misconduct	0	0%
Dismissal – inefficiency	0	0%
Discharged due to ill-health	0	0%
Retirement	2	7.7%
Transfer to other Public Service Departments	5	19.2%
Other	0	0%
TOTAL	26	100%
Total number of employees who left as a % of total employment		12.6%

Table 3.5.4 Promotions by critical occupation for the period 1 April 2019 and 31 March 2020

Occupation	Employees 1 April 2019	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative Related	21	0	0.0%	16	76.2%
Communication and Information Related	2	0	0.0%	0	0.0%
Economists	1	0	0.0%	1	100%
Finance and Economics Related	2	0	0.0%	2	100%
Financial and Related Professionals	3	0	0.0%	2	66.7%
Financial Clerks and Credit Controllers	4	0	0.0%	3	75.0%
Food Services Aids and Waiters	4	0	0.0%	1	25.0%
Household and Laundry Workers	0	0	0.0%	0	0.0%
Human Resources & Organisational Development & Related Professionals	2	0	0.0%	1	50.0%
Human Resources Clerks	1	0	0.0%	0	0.0%
Human Resources Related	10	1	10.0%	6	60.0%
Legal Related	2	0	0.0%	1	50.0%
Library Mail and Related Clerks	1	0	0.0%	0	0.0%
Light Vehicle Drivers	3	0	0.0%	1	33.3%
Logistical Support Personnel	5	0	0.0%	4	80.0%
Messengers Porters and Deliverers	1	0	0.0%	1	100%
Other Information Technology Personnel	0	0	0.0%	0	0.0%
Risk Management and Security Services	3	0	0.0%	0	0.0%
Secretaries & Other Keyboard Operating Clerks	21	0	0.0%	11	52.4%
Senior Managers	39	0	0.0%	16	41.0%
Trade/Industry Advisers & Other Related Profession	71	1	1.4%	41	57.7%
TOTAL	196	2	1.0%	107	54.6%

Table 3.5.5 Promotions by salary band for the period 1 April 2019 and 31 March 2020

Salary Band	Employees 1 April 2019	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (levels 1-2)	0	0	0.0%	0	0.0%
Skilled (levels 3-5)	18	0	1.4%	5	33.3%
Highly skilled production (levels 6-8)	71	1	1.5%	39	55.7%
Highly skilled supervision (levels 9-12)	68	1	0.0%	45	68.2%
Senior Management (levels 13-16)	39	0	0.0%	18	52.9%
TOTAL	196	2	1.0%	107	54.6%

3.6 Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as of 31 March 2020

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	12	2	1	0	15	1	1	2	34
Professionals	30	2	2	0	32	1	0	1	68
Technicians and associate professionals	30	1	1	0	52	1	0	2	87
Clerks	5	0	0	0	5	0	0	0	10
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
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	80	5	4	0	109	3	1	5	207
Employees with disabilities	3	0	0	0	2	0	0	0	5

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as of 31 March 2020

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	11	2	1	0	15	1	1	2	33
Professionally qualified and experienced specialists and mid-management	30	2	2	0	32	1	0	1	68
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	31	1	0	0	53	1	0	2	88
Semi-skilled and discretionary decision making	7	0	1	0	9	0	0	0	17
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
TOTAL	80	5	4	0	109	3	1	5	207

Table 3.6.3 Recruitment for the period 1 April 2019 to 31 March 2020

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	3	0	0	0	4
Professionally qualified and experienced specialists and mid-management	4	0	0	0	2	0	0	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	9	0	0	0	14	0	0	0	23
Semi-skilled and discretionary decision making	2	0	0	0	3	0	0	0	5
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
TOTAL	16	0	0	0	22	0	0	0	38
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2019 to 31 March 2020

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

Table 3.6.5 Terminations for the period 1 April 2019 to 31 March 2020

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	4	0	0	0	1	2	1	0	8
Professionally qualified and experienced specialists and mid- management	0	0	0	0	5	0	0	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	3	0	0	0	3	0	1	1	8
Semi-skilled and discretionary decision making	1	0	0	0	3	0	0	0	4
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
TOTAL	8	0	0	0	13	2	2	1	26
Employees with Disabilities	1	0	0	0	0	0	0	0	1

Table 3.6.6 Disciplinary action for the period 1 April 2019 to 31 March 2020

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Verbal Warning	1	0	0	0	1	0	0	0	2
Written Warning	11	0	0	0	4	0	0	0	15
Final Written Warning	2	0	0	0	0	0	0	0	2
Dismissal	0	0	0	0	0	0	0	0	0
Not Guilty	2	0	0	0	1	0	0	0	3
Corrective Counselling	0	0	0	0	1	0	0	0	1
Still under investigation	7	0	0	0	2	0	0	0	9
TOTAL	23	0	0	0	9	0	0	0	32

Table 3.6.7 Skills development for the period 1 April 2019 to 31 March 2020

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	2	2	0	0	4	1	0	0	9
Professionals	4	2	1	0	18	0	1	1	27
Technicians and associate professionals	14	0	0	0	16	0	0	1	31
Clerks	3	0	0	0	12	1	0	1	17
Service and sales workers	0	0	0	0	2	0	0	0	2
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	1	0	0	0	1
TOTAL	22	5	1	0	53	2	1	3	87
Employees with disabilities	1	0	0	0	1	0	0	0	2

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 2019

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	0	0	0	0.0%
Salary Level 16	0	0	0	0.0%
Salary Level 15	3	1	1	2.6%
Salary Level 14	9	9	9	23.7%
Salary Level 13	28	28	28	73.7%
TOTAL	40	38	38	100%

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2019

Reasons
All members of the senior management service concluded performance agreements by the due date.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2019

Reasons
None required.

3.8 Performance Rewards

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

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2019 to 31 March 2020

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African	45	189	23.8%	1 075	23 889
Male	17	80	21.3%	364	21 412
Female	28	109	25.7%	711	25 393
Asian	1	5	20.0%	12	11 449
Male	1	4	25.0%	12	11 449
Female	0	1	0.0%	0	0
Coloured	2	8	25.0%	40	20 000
Male	1	5	20.0%	30	30 424
Female	1	3	33.3%	10	9 686
White	1	5	20.0%	35	35 304
Male	0	0	0.0%	0	0
Female	1	5	20.0%	35	35 304
TOTAL	49	207	23.7%	1 162	23 714

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2019 to 31 March 2020

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (levels 1-2)	0	0	0.0%	0	0	0.0%
Skilled (levels 3-5)	8	17	47%	82	10 250	0.05%
Highly skilled production (levels 6-8)	22	72	31%	434	19 727	0.3%
Highly skilled supervision (levels 9-12)	19	68	28%	645	33 947	0.4%
TOTAL	49	157	31.2%	1 162	23 714	0.8%

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2019 to 31 March 2020

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative Related	9	25	36.0%	272	30 222
Communication and Information Related	0	2	0.0%	0	0
Economists	0	1	0.0%	0	0
Finance and Economics Related	2	2	100%	97	48 500
Financial and Related Professionals	2	4	50%	38	19 000
Financial Clerks and Credit Controllers	1	5	20%	11	11 449
Food Services Aids and Waiters	2	2	100%	25	12 500
Head of Department / Chief Executive Officer	0	0	0.0%	0	0
Household and Laundry Workers	0	3	0.0%	0	0
Human Resources & Organisational Development & Related Professionals	0	3	0.0%	0	0
Human Resources Clerks	1	1	100.0%	5	4 907
Human Resources Related	3	8	30%	64	21 333
Legal Related	1	2	50.0%	23	22 749
Library Mail and Related Clerks	0	1	0.0%	0	0
Light Vehicle Drivers	1	2	50.0%	12	12 151
Logistical Support Personnel	2	5	40.0%	30	15 000
Messengers Porters and Deliverers	1	1	100.0%	9	8 968
Other Information Technology Personnel	0	2	0.0%	0	0
Risk Management and Security Services	1	7	14.3%	11	10 796
Secretaries & Other Keyboard Operating Clerks	7	20	35.0%	124	17 714
Senior Managers	0	34	0.0%	0	0
Trade/Industry Advisers & Other Related Professionals	15	77	19.5%	421	28 067
TOTAL	49	207	24%	1162	23 714

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2019 to 31 March 2020

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	0	28	0.0%	0	0	0
Band B	0	9	0.0%	0	0	0
Band C	0	1	0.0%	0	0	0
Band D	0	0	0.0%	0	0	0
TOTAL	0	38	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 2019 and 31 March 2020

Salary band	01 April 2019		31 March 2020		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	-	-	-	-	-	-
Highly skilled production (levels 6-8)	-	-	-	-	-	-
Highly skilled supervision (levels 9-12)	-	-	-	-	-	-
Contract (levels 9-12)	-	-	-	-	-	-
Contract (levels 13-16)	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2019 and 31 March 2020

Major occupation	01 April 2019		31 March 2020		Change	
	Number	% of total	Number	% of total	Number	% Change
None						

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 2019 to 31 December 2019

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (levels 1-2)	0	0%	0	0%	0	0
Skilled (levels 3-5)	115	80.9%	14	7.7%	8.2	79
Highly skilled production (levels 6-8)	643	81.3%	78	42.6%	8.2	998
Highly skilled supervision (levels 9 - 12)	531	84.7%	56	30.6%	9.4	1,527
Top and Senior management (levels 13-16)	268	84.7%	35	19.1%	7.6	1,201
TOTAL	1 557	83%	183	100%	8.5	3 805

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2019 to 31 December 2019

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)	135	100%	1	16.7%	135	123
Highly skilled production (levels 6-8)	3	100%	2	33.3%	1.5	5
Highly skilled supervision (levels 9-12)	59	100%	1	16.7%	59	165
Senior management (levels 13-16)	169	100%	2	33.3%	84.5	693
TOTAL	366	100%	6	100%	61	986

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

Table 3.10.3 Annual Leave for the period 1 January 2019 to 31 December 2019

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (levels 1-2)	0	0	0
Skilled (levels 3-5)	279	15	19
Highly skilled production (levels 6-8)	1577	87	18
Highly skilled supervision (levels 9-12)	1593	66	24
Senior management (levels 13-16)	802	35	23
TOTAL	4251	203	21

Table 3.10.4 Capped leave for the period 1 January 2019 to 31 December 2019

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2020
Lower skilled (levels 1-2)	0	0	0	0
Skilled (levels 3-5)	0	0	0	34
Highly skilled production (levels 6-8)	0	0	0	12
Highly skilled supervision (levels 9-12)	0	0	0	55
Senior management (levels 13-16)	0	0	0	18
TOTAL	0	0	0	7.4

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

Table 3.10.5 Leave pay-outs for the period 1 April 2019 and 31 March 2020

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-out for 2019/20 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay-outs on termination of service for 2019/20	0	0	0
Current leave pay-out on termination of service for 2019/20	324	15	21
TOTAL	324	15	21

Table 3.10.6 Steps taken to reduce the risk of occupational exposure

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

Table 3.10.7 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.	x		Ms Hendriken Rossouw Director: Human Resource Management
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	x		The Department has a Sub-directorate dedicated for Health and Wellness of Employees. The unit comprises 2 employees and has appointed an Employee Health and Wellness (EHW) Service Provider (ICAS) from June 2019 responsible for psychosocial counselling services for a period of 3 years. The estimated budget for the EHW programme for the reporting period is R247 000.00.

Question	Yes	No	Details, if yes
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.	x		The following programmes were implemented: <ul style="list-style-type: none"> ▪ A Health Programme focusing on the implementation of the National Health Calendar. ▪ Awareness / intervention programmes based on identified themes from services requested by employees, as well as themes based on the psychosocial counselling programme. ▪ Quarterly General Health Screening Programme.
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.	x		A Health & Wellness Committee has been established, comprising 17 members, categorised as follows: <ul style="list-style-type: none"> ▪ Evacuation Officers ▪ Simon Mokabane ▪ (Security Service Manager) ▪ Shirley Maabela ▪ (Employee Health and Wellness Programme Manager) ▪ Nompumelelo Radebe ▪ (Facilities and Auxiliary Services Manager) ▪ Rejoyce Maudu ▪ (OHS /Wellness Practitioner) ▪ First Aiders ▪ Sophy Nkoana ▪ Emerencia Phiri ▪ Goitsemodimo Kuduntwane
			<p>Fire Fighters/ Fire Marshalls</p> <ul style="list-style-type: none"> ▪ Milingoni Mugovhani ▪ Jane Mashego ▪ Clement Moaga ▪ James Tooka <p>Health and Safety Representatives</p> <ul style="list-style-type: none"> ▪ Ziphora Malebye ▪ Tsietse Thinane ▪ Gugu Sithole <p>Wellness Buddies</p> <ul style="list-style-type: none"> ▪ Chantelle Martin ▪ Tshepo Mathibela ▪ Nthambeleni Dahlia Seshebedi
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.		x	No policies were due for review during the reporting period. However, Standard Operating Procedures (SOPs) were developed for the following: <ul style="list-style-type: none"> ▪ HIV/AIDS Stigma and Discrimination Mitigation ▪ Wellness Parking.
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.	x		Health Awareness and Dialogue Sessions.
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	x		During the reporting period, a total number of 164 employees participated in HIV Counselling and Testing (HCT) conducted by GEMS. The results of all employees tested during this period yielded 1 positive outcome. Therefore, a total number of 4 recorded HIV-positive statuses in the Department. Necessary support is rendered to them.
8. Has the Department developed measures/ indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	x		<ul style="list-style-type: none"> ▪ Administration of evaluation forms after information sessions. ▪ Administration of programme evaluation / survey questionnaires.

3.1 Labour Relations

Table 3.11.1 Collective agreements for the period 1 April 2019 and 31 March 2020

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 3.11.2 Misconduct and disciplinary hearings finalised for the period 1 April 2019 and 31 March 2020

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	1	4.3%
Verbal warning	2	8.7%
Written warning	15	65.2%
Final written warning	2	8.7%
Suspended without pay	0	0.0%
Fine	0	0.0%
Demotion	0	0.0%
Dismissal	0	0.0%
Not guilty	3	13.0%
Case withdrawn	0	0.0%
TOTAL	23	100%

Total number of Disciplinary hearings finalised	None
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Table 3.11.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2019 and 31 March 2020

Type of misconduct	Number	% of Total
Alleged fraud	9	28.1%
Non-compliance	16	50%
Dereliction of duty	5	15.6%
Insubordination; Negligence; Unauthorised possession of state vehicle	2	6.3%
TOTAL	32	100%

Table 3.11.4 Grievances logged for the period 1 April 2019 and 31 March 2020

Grievances	Number	% of Total
Number of grievances resolved	9	100%
Number of grievances not resolved	0	0%
Total number of grievances lodged	9	100%

Table 3.11.5 Disputes logged with Councils for the period 1 April 2019 and 31 March 2020

Disputes	Number	% of Total
Number of disputes upheld	3	42.9%
Number of disputes dismissed	2	28.6%
Number of disputes pending	2	28.6%
Total number of disputes lodged	7	100%

Table 3.11.6 Strike actions for the period 1 April 2019 and 31 March 2020

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

Table 3.11.7 Precautionary suspensions for the period 1 April 2019 and 31 March 2020

Number of people suspended	9
Number of people whose suspension exceeded 30 days	9
Average number of days suspended	67
Cost of suspension (R'000)	1 242

3.12 Skills development

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

Table 3.12.1 Training needs identified for the period 1 April 2019 and 31 March 2020

Occupational category	Gender	Number of employees as at 1 April 2019	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	15	0	10	0	10
	Male	14	0	10	0	10
Professionals	Female	50	0	25	0	25
	Male	40	0	15	3	15
Technicians and associate professionals	Female	26	0	20	0	20
	Male	24	0	15	0	15
Clerks	Female	19	0	15	0	15
	Male	7	0	5	0	5
Service and sales workers	Female	3	0	3	0	3
	Male	1	0	1	0	1
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0

Occupational category	Gender	Number of employees as at 1 April 2019	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	2	0	2	0	2
Elementary occupations	Female	5	0	5	0	5
	Male	1	0	1	0	1
Sub Total	Female	118	0	78	0	78
	Male	89	0	49	0	49
TOTAL		207	0	127	0	127

Table 3.12.2 Training provided for the period 1 April 2019 and 31 March 2020

Occupational category	Gender	Number of employees as at 1 April 2019	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	15	0	5	0	5
	Male	14	0	4	0	4
Professionals	Female	50	0	20	0	19
	Male	40	0	7	0	21
Technicians and associate professionals	Female	26	0	17	0	17
	Male	24	0	14	0	14
Clerks	Female	19	0	14	0	14
	Male	7	0	3	0	3
Service and sales workers	Female	3	0	2	0	2
	Male	1	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	2	0	0	0	0
Elementary occupations	Female	5	0	1	0	1
	Male	1	0	0	0	0
Sub Total	Female	118	0	87	0	87
	Male	89	0	53	0	53
TOTAL		207	0	140	0	140

4.13 Injury on duty

The following table provide basic information on injury on duty.

Table 3.13.1 Injury on duty for the period 1 April 2019 and 31 March 2020

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0.0%
Temporary Total Disablement	3	100%
Permanent Disablement	0	0.0%
Fatal	0	0.0%
TOTAL	3	100%

3.14 Utilisation of Consultants

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

Table 3.14.1 Report on consultant appointments using appropriated funds for the period 1 April 2019 and 31 March 2020

No.	Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand (amount paid for the year under review)
1.	Alexander Forbes Health: Health Risk Management services on Pillar-related services	01	365	29 968.34
2.	Wenzile Consulting: To provide Secretariat Resource vision of Human Resources within the Office of the Director-General to render Secretariat functions for a period of 12 months	01	365	45 397.30
3.	South African Qualifications Authority: To provide qualification verification services for the Department for a period of 36 months	01	365	32 488.01
4.	Deloitte Consulting: Competency assessments	01	11	16 003.40
5.	EOH Human Capital Solutions: Competency Assessment5 Services	01	01	40 585.00
6.	Government Technical Advisory Centre (GTAC): To assist the Department with the strengthening of the red tape reduction strategy	04	540	157 4521.18
7.	Osiba Holdings: Conduct a study on analysis and assessment of barriers to entry for SMMEs and Co-operatives to economic opportunities and to draft a policy framework	03	210	374 812.50
8.	Jupilog (Pty) Ltd: To conduct the 2018 Annual Review of SMMEs and Co-operatives in South Africa	04	211	891 818.97
9.	Wenzile Consulting: Provide Risk Management Resource for the Office of the Director-General for a period of 12 months.	01	150	184 209.68
10.	Mthente Research and Consulting: Study to identify opportunities for SMMEs and Co-operatives in strategic value chains within special economic	03	60	358 413.75
11.	Moloto BEE Verification: Assist with the Departmental BEE verification Process	01	122	54 625.00

No.	Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand (amount paid for the year under review)
12.	Vukane Technology: Survey Monkey Services Advantage Launch online survey project for Co-operatives	01	01	9 198.47
13.	ICAS SA: Provision of psychosocial counselling including E-Care services and training	01	273	147 676.22
14.	Delta Environmental Consulting Engineers: Professional Engineering and Architecture	01	364	246 313.22
15.	Awakening Prosperity: Competency Assessment	01	01	6000.00

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

Table 3.14.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDI) for the period 1 April 2018 and 31 March 2019

No.	Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
1.	Alexander Forbes Health: Health Risk Management services on Pillar related services	Level 2	51.64%	1
2.	Wenzile Consulting: To provide Secretariat Resource vision of Human Resources within the Office of the Director General to render Secretariat functions for a period of 12 months	Level 1	100%	1
3.	South African Qualifications Authority: To provide qualification verification services for the Department for a period of 36 months	Government Entity		1
4.	Deloitte Consulting: Competency assessments	Level 1	100%	1
5.	EOH Human Capital Solutions: Competency Assessment5 Services	Level 1	100%	1
6.	Government Technical Advisory Centre (GTAC): To assist the Department with the strengthening of the red tape reduction strategy	Government Entity		4
7.	Osiba Holdings: Conduct a study on an analysis and assessment of barriers to entry for small, macro and medium enterprise and Co-operatives to economic opportunities and to draft a policy framework	Level 1	100%	2
8.	Jupilog (Pty) Ltd: To conduct the 2018 Annual Review of SMMEs and Co-operatives in South Africa	Level 1	100%	4
9.	Wenzile Consulting: Provide Risk Management Resource for the Office of the Director General for a period of 12 months.	Level 1	100%	1
10.	Mthente Research and Consulting: Study to identify opportunities for SMMEs and Co-operatives in strategic value chains within special economic	Level 1	100%	3

No.	Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
11.	Moloto BEE Verification: Assist with the Departmental BEE verification Process	Level 1	100%	1
12.	Vukane Technology: Survey Monkey Services Advantage Launch online survey project for Co-operatives	Level 1	100%	1
13.	ICAS SA: Provision of psychosocial counselling including E-care services and training	Level 2	19.90%	2
14.	Delta Environmental Consulting Engineers: Professional Engineering and Architecture	Level 1		1
15.	Awakening Prosperity: Competency Assessment	Level 1	100%	1

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

Table 3.14.3 Report on consultant appointments using Donor funds for the period 1 April 2019 and 31 March 2020

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

Table 3.14.4 Analysis of consultant appointments using Donor funds, in terms of Historically

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

Table 3.14.5 Disadvantaged Individuals (HDIs) for the period 1 April 2019 and 31 March 2020

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

PART E:

FINANCIAL INFORMATION



REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2020

Report of the auditor-general to Parliament on Vote no. 31: Department of Small Business Development

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Department of Small Business Development set out on pages 88 to 156, which comprise the appropriation statement, statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Small Business Development as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury (NT) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the department in accordance with sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other matter

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

Unaudited supplementary schedules

7. The supplementary information set out in pages 157 to 166 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

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

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

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

Department of Small Business Development – Vote 31

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2020

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

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the department enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the department for the year ended 31 March 2020:

Programme	Pages in the annual performance report
Programme 4 – enterprise development and entrepreneurship	43 – 48

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

16. The material findings in respect of the usefulness and reliability of the selected programme are as follows:

Programme 4 – enterprise development and entrepreneurship

SMMEs and Co-opts supported through blended finance to the value of R' Million

17. Adequate systems and processes were not established to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions.

Other matters

18. I draw attention to the matters below.

Achievement of planned targets

19. Refer to the annual performance report on pages 29 to 48 for information on the achievement of planned targets for the year and explanations provided for the under- and overachievement of a number of targets. This information should be considered in the context of the material findings on the usefulness of the reported performance information in paragraph 17 of this report.

Adjustment of material misstatements

20. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 4 – enterprise development and entrepreneurship. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness of the reported performance information. Those that were not corrected are reported above.

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2020

Report on the audit of compliance with legislation

Introduction and scope

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

Strategic planning and performance management

23. Specific information systems were not implemented to enable the monitoring of progress made towards achieving targets, core objectives and service delivery as required by public service regulation 25(1)(e)(i) and (iii).

Other information

24. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the accounting officer's report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.
25. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
26. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
27. If, based on the work performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

28. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the finding on the annual performance report and the finding on compliance with legislation included in this report.
29. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support performance reporting

Other reports

30. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
31. The forensic investigation into irregularities with regard to non-compliance in incentive programmes co-operatives incentive scheme (CIS) and black business supplier development programme (BBSDP) was concluded on 5 April 2019. The investigation was conducted by the Auditor-General of South Africa and covered the 2015-16 and 2016-17 financial periods. The public report was still in progress as at the date of this report.

Auditor - General

Pretoria

30 September 2020



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

for the year ended 31 March 2020

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

Financial statements

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

whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Department of Small Business Development to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

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

Department of Small Business Development – Vote 31

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

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Department of Small Business Development – Vote 31

APPROPRIATION STATEMENT

for the year ended 31 March 2020

Appropriation per programme

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme									
1. Administration	124 388	-	(4 913)	119 475	116 659	2 816	97.6%	127 940	125 451
2. Sector Policy and Research	32 315	-	(6 694)	25 621	18 630	6 991	72.7%	21 012	17 023
3. Integrated Cooperatives Development	129 028	-	(2 000)	127 028	119 597	7 431	94.1%	121 775	75 278
4. Enterprise Development and Entrepreneurship	1 982 821	-	13 607	1 996 428	1 973 894	22 534	98.9%	1 217 726	1 201 766
TOTAL	2 268 552	-		2 268 552	2 228 779	39 773	98.2%	1 488 453	1 419 518
TOTAL (brought forward)									
ADD									
Departmental receipts				23 257				1 329	
Aid assistance				166 337				-	
Actual amounts per statement of financial performance (total revenue)				2 458 146				1 489 782	
ADD									
Aid assistance					162 230				-
Actual amounts per statement of financial performance (total expenditure)					2 391 009				1 419 518

APPROPRIATION STATEMENT

for the year ended 31 March 2020

Appropriation per economic classification

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	237 356	(205)	(19 000)	218 151	198 825	19 326	91.1%	219 492	206 588
Compensation of employees	151 517	-	-	151 517	137 073	14 444	90.5%	140 632	133 036
Salaries and wages	133 030	189	-	133 219	121 557	11 662	91.2%	123 797	118 388
Social contributions	18 487	(189)	-	18 298	15 516	2 782	84.8%	16 835	14 649
Goods and services	85 839	(205)	(19 000)	66 634	61 752	4 882	92.7%	78 860	73 551
Administrative fees	1 173	(41)	(100)	1 032	762	270	73.8%	1 107	978
Advertising	522	(113)	-	409	359	50	87.7%	422	393
Minor assets	72	30	-	102	72	30	70.8%	159	146
Audit costs: External	5 665	(484)	(1 930)	3 251	3 244	7	99.8%	5 309	5 307
Bursaries: Employees	340	77	-	417	417	0	99.9%	292	292
Catering: Departmental activities	2 344	(303)	(132)	1 909	1 202	707	63.0%	2 623	2 452
Communication	1 266	282	(60)	1 488	1 345	143	90.4%	1 312	1 269
Computer services	9 429	(413)	(3 488)	5 528	5 317	211	96.2%	7 044	7 040
Consultants: Business and advisory services	9 259	(473)	(5 312)	3 474	3 122	352	89.9%	7 684	5 470
Legal services	1 360	158	(840)	678	666	12	98.3%	320	318
Contractors	865	54	(500)	419	364	55	86.9%	1 239	1 051

Department of Small Business Development – Vote 31

APPROPRIATION STATEMENT

for the year ended 31 March 2020

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Agency and support / outsourced services	440	(138)	-	302	302	-	99.9%	241	240
Entertainment	10	(10)	-	-	-	-	-	5	4
Fleet services	1 067	641	(75)	1 633	1 483	150	90.8%	1 716	1 681
Consumable supplies	429	(24)	-	405	200	205	49.3%	699	673
Consumable: Stationery, printing and office supplies	1 114	(49)	(15)	1 050	870	180	82.9%	1 826	1 675
Operating leases	21 743	75	(195)	21 623	21 622	1	100.0%	20 360	20 358
Property payments	1	-	-	1	-	1	25.0%	4	3
Travel and subsistence	20 808	806	(1 851)	19 763	17 798	1 965	90.1%	22 563	20 767
Training and development	1 178	(150)	-	1 028	799	229	77.8%	576	576
Operating payments	1 734	(123)	(820)	791	587	204	74.2%	1 763	1 325
Venues and facilities	4 585	(7)	(3 682)	896	794	102	88.6%	1 418	1 357
Rental and hiring	435	-	-	435	428	7	98.3%	178	177
Transfers and subsidies	2 026 638	98	19 000	2 045 736	2 025 730	20 006	99.0%	1 262 380	1 206 447
Departmental agencies and accounts	882 763	-	-	882 763	882 763	-	100.0%	840 089	840 089
Departmental agencies and accounts	882 763	-	-	882 763	882 763	-	100.0%	840 089	840 089

APPROPRIATION STATEMENT

for the year ended 31 March 2020

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Public corporations and private enterprises	1 143 584	-	19 000	1 162 584	1 142 582	20 002	98.3%	421 509	365 703
Public corporations	805 860	-	79 000	884 860	884 860	0	100.0%	10 000	10 000
Other transfers to public corporations	805 860	-	79 000	884 860	884 860	0	100.0%	10 000	10 000
Private enterprises	337 724	-	(60 000)	277 724	257 722	20 002	92.8%	411 509	355 703
Other transfers to private enterprises	337 724	-	(60 000)	277 724	257 722	20 002	92.8%	411 509	355 703
Households	291	98	-	389	385	4	99.0%	782	655
Social benefits	291	(2)	-	289	285	4	98.7%	482	455
Other transfers to households	-	100	-	100	100	-	100.0%	300	200
Payments for capital assets	4 558	107	-	4 665	4 225	440	90.6%	6 581	6 483
Machinery and equipment	4 558	107	-	4 665	4 225	440	90.6%	5 126	5 030
Transport equipment	800	(622)	(178)	-	-	-	-	-	-
Other machinery and equipment	3 758	729	178	4 665	4 225	440	90.6%	5 126	5 030
Software and other intangible assets	-	-	-	-	-	-	-	1 455	1 454
TOTAL	2 268 552	-	-	2 268 552	2 228 779	39 773	98.2%	1 488 453	1 419 518

Department of Small Business Development – Vote 31

APPROPRIATION STATEMENT

for the year ended 31 March 2020

Programme 1: Administration

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Ministry	27 792	(1 411)	(178)	26 203	26 141	62	99.8%	32 753	32 713
2. Departmental Management	18 145	(2 012)	(850)	15 283	14 816	467	96.9%	17 981	16 314
3. Corporate Services	53 198	1 561	(2 850)	51 909	50 083	1 826	96.5%	51 200	50 604
4. Financial Management	20 289	(50)	(1 600)	18 639	18 330	309	98.3%	19 532	19 358
5. Communications	4 964	1 912	565	7 441	7 288	153	97.9%	6 474	6 461
Total for sub programmes	124 388	-	(4 913)	119 475	116 659	2 816	97.6%	127 940	125 451
Economic classification									
Current payments	120 289	(102)	(4 735)	115 452	113 044	2 408	97.9%	121 922	119 529
Compensation of employees	63 934	-	565	64 499	64 450	49	99.9%	67 534	65 356
Salaries and wages	56 372	507	565	57 444	57 412	32	99.9%	59 351	58 461
Social contributions	7 562	(507)	-	7 055	7 038	17	99.8%	8 183	6 895
Goods and services	56 355	(102)	(5 300)	50 953	48 595	2 358	95.4%	54 388	54 174
Administrative fees	576	(106)	-	470	357	113	76.0%	530	524
Advertising	495	(103)	-	392	359	33	91.5%	369	367
Minor assets	72	28	-	100	71	29	70.8%	139	137

APPROPRIATION STATEMENT

for the year ended 31 March 2020

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Audit costs: External	5 665	(484)	(1 930)	3 251	3 244	7	99.8%	5 309	5 307
Bursaries: Employees	340	77	-	417	417	0	99.9%	292	292
Catering: Departmental activities	852	185	-	1 037	928	109	89.5%	710	706
Communication	936	89	(10)	1 015	908	107	89.5%	1 023	1 016
Computer services	7 529	(1)	(2 000)	5 528	5 317	211	96.2%	6 988	6 986
Consultants: Business and advisory services	1 040	(270)	(120)	650	477	173	73.3%	1 006	1 003
Legal services	1 360	158	(840)	678	666	12	98.3%	320	318
Contractors	355	(80)	-	275	232	43	84.2%	348	344
Agency and support / outsourced services	440	(138)	-	302	302	0	99.9%	241	240
Entertainment	10	(10)	-	-	-	-	-	5	4
Fleet services	813	563	(75)	1 301	1 271	30	97.7%	1 488	1 479
Consumable supplies	390	(24)	-	366	179	187	48.9%	654	646
Consumable: Stationery, printing and office supplies	665	(112)	-	553	458	95	82.9%	795	789
Operating leases	21 743	74	(195)	21 622	21 621	1	100.0%	20 358	20 356
Property payments	1	-	-	1	0	1	25.0%	4	3
Travel and subsistence	10 295	163	(100)	10 358	9 610	748	92.8%	11 719	11 576
Training and development	1 178	(150)	-	1 028	799	229	77.8%	576	576

Department of Small Business Development – Vote 31

APPROPRIATION STATEMENT

for the year ended 31 March 2020

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Operating payments	880	(131)	(30)	719	568	151	79.0%	1 323	1 315
Venues and facilities	285	170	-	455	383	72	84.3%	101	100
Rental and hiring	435	-	-	435	428	7	98.3%	90	89
Transfers and subsidies	277	31	-	308	305	3	99.1%	251	243
Households	277	31	-	308	305	3	99.1%	251	243
Social benefits	277	(69)	-	208	205	3	98.7%	251	243
Other transfers to households	-	100	-	100	100	-	100.0%	-	-
Payments for capital assets	3 822	71	(178)	3 715	3 309	406	89.1%	5 767	5 679
Machinery and equipment	3 822	71	(178)	3 715	3 309	406	89.1%	4 312	4 225
Transport equipment	800	(622)	(178)	-	-	-	-	-	-
Other machinery and equipment	3 022	693	-	3 715	3 309	406	89.1%	4 312	4 225
Software and other intangible assets	-	-	-	-	-	-	-	1 455	1 454
TOTAL	124 388	-	(4 913)	119 475	116 659	2 816	97.6%	127 940	125 451

APPROPRIATION STATEMENT

for the year ended 31 March 2020

1.1 Ministry

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	26 460	(722)	-	25 738	25 677	61	99.8%	32 322	32 291
Compensation of employees	18 603	(1 843)	-	16 760	16 752	8	100.0%	21 444	21 436
Goods and services	7 857	1 121	-	8 978	8 925	53	99.4%	10 878	10 855
Transfers and subsidies	270	(119)	-	151	150	1	99.5%	111	110
Households	270	(119)	-	151	150	1	99.5%	111	110
Payments for capital assets	1 062	(570)	(178)	314	314	0	99.9%	320	312
Machinery and equipment	1 062	(570)	(178)	314	314	0	99.9%	320	312
TOTAL	27 792	(1 411)	(178)	26 203	26 141	62	99.8%	32 753	32 713

Department of Small Business Development – Vote 31

APPROPRIATION STATEMENT

for the year ended 31 March 2020

1.2 Departmental Management

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	18 029	(2 157)	(850)	15 022	14 558	464	96.9%	17 850	16 185
Compensation of employees	12 903	(745)	-	12 158	12 149	9	99.9%	13 592	12 065
Goods and services	5 126	(1 412)	(850)	2 864	2 410	454	84.1%	4 258	4 120
Transfers and subsidies	-	126	-	126	125	1	99.4%	15	14
Households	-	126	-	126	125	1	99.4%	15	14
Payments for capital assets	116	19	-	135	133	2	98.4%	116	115
Machinery and equipment	116	19	-	135	133	2	98.4%	116	115
TOTAL	18 145	(2 012)	(850)	15 283	14 816	467	96.9%	17 981	16 314

APPROPRIATION STATEMENT

for the year ended 31 March 2020

1.3 Corporate Services

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	50 744	1 041	(2 850)	48 935	47 503	1 432	97.1%	45 897	45 385
Compensation of employees	17 397	1 114	-	18 511	18 489	22	99.9%	17 153	16 676
Goods and services	33 347	(73)	(2 850)	30 424	29 014	1 410	95.4%	28 744	28 708
Transfers and subsidies	7	15	-	22	22	0	98.1%	87	82
Households	7	15	-	22	22	0	98.1%	87	82
Payments for capital assets	2 447	505	-	2 952	2 558	394	86.7%	5 216	5 137
Machinery and equipment	2 447	505	-	2 952	2 558	394	86.7%	3 761	3 684
Intangible assets	-	-	-	-	-	-	-	1 455	1 454
TOTAL	53 198	1 561	(2 850)	51 909	50 083	1 826	96.5%	51 200	50 604

Department of Small Business Development – Vote 31

APPROPRIATION STATEMENT

for the year ended 31 March 2020

1.4 Financial Management

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	20 144	(167)	(1 600)	18 377	18 078	299	98.4%	19 416	19 244
Compensation of employees	12 536	(149)	-	12 387	12 381	6	100.0%	11 840	11 677
Goods and services	7 608	(18)	(1 600)	5 990	5 697	293	95.1%	7 576	7 567
Interest and rent on land									
Transfers and subsidies	-	9	-	9	8	1	92.2%	38	37
Households	-	9	-	9	8	1	92.2%	38	37
Payments for capital assets	145	108	-	253	244	9	96.5%	78	77
Machinery and equipment	145	108	-	253	244	9	96.5%	78	77
TOTAL	20 289	(50)	(1 600)	18 639	18 330	309	98.3%	19 532	19 358

APPROPRIATION STATEMENT

for the year ended 31 March 2020

1.5 Communications

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	4 912	1 903	565	7 380	7 228	152	97.9%	6 437	6 425
Compensation of employees	2 495	1 623	565	4 683	4 679	4	99.9%	3 505	3 502
Goods and services	2 417	280	-	2 697	2 549	148	94.5%	2 932	2 923
Payments for capital assets	52	9	-	61	61	0	99.6%	37	36
Machinery and equipment	52	9	-	61	61	0	99.6%	37	36
TOTAL	4 964	1 912	565	7 441	7 288	153	97.9%	6 474	6 461

Department of Small Business Development – Vote 31

APPROPRIATION STATEMENT

for the year ended 31 March 2020

Programme 2: Sector Policy and Research

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Research	17 330	612	(4 584)	13 358	11 440	1 918	85.6%	8 335	6 722
2. Policy and Legislation	5 706	77	-	5 783	3 666	2 117	63.4%	5 678	4 806
3. International Relations	6 026	(223)	(1 080)	4 723	2 917	1 806	61.8%	4 244	3 255
4. Monitoring and Evaluation	3 253	(466)	(1 030)	1 757	607	1 150	34.5%	2 755	2 240
Total for sub programmes	32 315	-	(6 694)	25 621	18 630	6 991	72.7%	21 012	17 023
Economic classification									
Current payments	32 205	(41)	(6 700)	25 464	18 475	6 989	72.6%	20 750	16 776
Compensation of employees	19 830	-	-	19 830	13 392	6 438	67.5%	10 896	10 874
Salaries and wages	16 848	(24)	-	16 824	11 957	4 867	71.1%	9 731	9 723
Social contributions	2 982	24	-	3 006	1 435	1 571	47.7%	1 165	1 151
Goods and services	12 375	(41)	(6 700)	5 634	5 083	551	90.2%	9 854	5 902
Administrative fees	97	25	-	122	86	36	70.3%	115	73
Advertising	-	-	-	-	-	-	-	28	27
Catering: Departmental activities	301	-	-	301	21	280	7.1%	137	73
Communication	111	81	(50)	142	126	16	88.4%	81	65

APPROPRIATION STATEMENT

for the year ended 31 March 2020

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consultants: Business and advisory services	7 372	203	(4 920)	2 655	2 646	9	99.6%	5 279	3 083
Fleet services	13	8	-	21	17	4	79.5%	15	11
Consumable supplies	3	5	-	8	4	4	53.0%	5	2
Consumable: Stationery, printing and office supplies	300	(54)	-	246	212	34	86.3%	763	696
Travel and subsistence	3 289	(364)	(940)	1 985	1 867	118	94.0%	2 958	1 868
Operating payments	809	1	(790)	20	1	19	5.5%	420	5
Venues and facilities	80	54	-	134	104	30	77.4%	53	-
Transfers and subsidies	-	-	-	-	-	-	-	140	127
Households	-	-	-	-	-	-	-	140	127
Social benefits	-	-	-	-	-	-	-	40	27
Other transfers to households	-	-	-	-	-	-	-	100	100
Payments for capital assets	110	41	6	157	155	2	98.7%	122	120
Machinery and equipment	110	41	6	157	155	2	98.7%	122	120
Other machinery and equipment	110	41	6	157	155	2	98.7%	122	120
TOTAL	32 315	-	(6 694)	25 621	18 630	6 991	72.7%	21 012	17 023

Department of Small Business Development – Vote 31

APPROPRIATION STATEMENT

for the year ended 31 March 2020

2.1 Research

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	17 279	597	(4 590)	13 286	11 368	1 918	85.6%	8 266	6 653
Compensation of employees	10 764	363	-	11 127	9 450	1 677	84.9%	4 746	4 742
Goods and services	6 515	234	(4 590)	2 159	1 918	241	88.8%	3 520	1 911
Transfers and subsidies	-	-	-	-	-	-	-	21	21
Households	-	-	-	-	-	-	-	21	21
Payments for capital assets	51	15	6	72	72	(0)	100.2%	48	47
Machinery and equipment	51	15	6	72	72	(0)	100.2%	48	47
TOTAL	17 330	612	(4 584)	13 358	11 440	1 918	85.6%	8 335	6 722

APPROPRIATION STATEMENT

for the year ended 31 March 2020

2.2 Policy and Legislation

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	5 681	77	-	5 758	3 641	2 117	63.2%	5 651	4 780
Compensation of employees	2 995	-	-	2 995	1 078	1 917	36.0%	2 034	2 032
Goods and services	2 686	77	-	2 763	2 563	200	92.8%	3 617	2 748
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	25	-	-	25	26	(1)	103.6%	27	26
Machinery and equipment	25	-	-	25	26	(1)	103.6%	27	26
TOTAL	5 706	77	-	5 783	3 666	2 117	63.4%	5 678	4 806

Department of Small Business Development – Vote 31

APPROPRIATION STATEMENT

for the year ended 31 March 2020

2.3 International Relations

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	6 010	(237)	(1 080)	4 693	2 888	1 805	61.5%	4 106	3 119
Compensation of employees	4 100	-	-	4 100	2 367	1 733	57.7%	2 143	2 135
Goods and services	1 910	(237)	(1 080)	593	521	72	87.9%	1 963	983
Transfers and subsidies	-	-	-	-	-	-	-	107	106
Households	-	-	-	-	-	-	-	107	106
Payments for capital assets	16	14	-	30	29	1	96.5%	31	30
Machinery and equipment	16	14	-	30	29	1	96.5%	31	30
TOTAL	6 026	(223)	(1 080)	4 723	2 917	1 806	61.8%	4 244	3 255

APPROPRIATION STATEMENT

for the year ended 31 March 2020

2.4 Monitoring and Evaluation

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3 235	(478)	(1 030)	1 727	579	1 148	33.5%	2 727	2 224
Compensation of employees	1 971	(363)	-	1 608	498	1 110	31.0%	1 973	1 965
Goods and services	1 264	(115)	(1 030)	119	80	39	67.5%	754	259
Transfers and subsidies	-	-	-	-	-	-	-	12	-
Households	-	-	-	-	-	-	-	12	-
Payments for capital assets	18	12	-	30	28	2	93.1%	16	16
Machinery and equipment	18	12	-	30	28	2	93.1%	16	16
TOTAL	3 253	(466)	(1 030)	1 757	607	1 150	34.5%	2 755	2 240

Department of Small Business Development – Vote 31

APPROPRIATION STATEMENT

for the year ended 31 March 2020

Programme 3: Integrated Cooperative Development

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Cooperatives Development	9 025	657	(318)	9 364	8 538	826	91.2%	7 555	6 119
2. Cooperatives Programme Design and Support	105 511	(206)	-	105 305	99 303	6 002	94.3%	98 915	54 208
3. Supplier Development and Market Access Support	14 492	(451)	(1 682)	12 359	11 756	603	95.1%	15 305	14 951
Total for sub programmes	129 028	-	(2 000)	127 028	119 597	7 431	94.1%	121 775	75 278
Economic classification									
Current payments	40 636	-	(2 000)	38 636	33 518	5 118	86.8%	38 095	33 700
Compensation of employees	33 209	-	-	33 209	29 170	4 039	87.8%	32 305	28 428
Salaries and wages	28 747	(22)	-	28 725	25 834	2 891	89.9%	28 480	25 394
Social contributions	4 462	22	-	4 484	3 336	1 148	74.4%	3 825	3 034
Goods and services	7 427	-	(2 000)	5 427	4 349	1 078	80.1%	5 790	5 272
Administrative fees	207	45	-	252	191	61	75.9%	249	208
Advertising	27	(10)	-	17	-	17	-	25	-
Minor assets	-	2	-	2	1	1	75.0%	10	4

APPROPRIATION STATEMENT

for the year ended 31 March 2020

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Catering: Departmental activities	370	(66)	-	304	145	159	47.8%	250	205
Communication	141	50	-	191	183	8	96.0%	92	88
Computer services	-	-	-	-	-	-	-	9	8
Consultants: Business and advisory services	485	(203)	(272)	10	-	10	-	-	-
Contractors	10	-	-	10	-	10	-	183	-
Fleet services	112	31	-	143	124	19	86.4%	117	108
Consumable supplies	8	6	-	14	9	5	66.1%	9	6
Consumable: Stationery, printing and office supplies	36	64	-	100	88	12	88.0%	160	148
Travel and subsistence	4 086	301	(46)	4 341	3 590	751	82.7%	4 404	4 229
Operating payments	32	11	-	43	17	26	38.5%	19	5
Venues and facilities	1 913	(231)	(1 682)	-	-	-	-	263	262
Transfers and subsidies	87 984	-	-	87 984	85 698	2 286	97.4%	83 326	41 229
Public corporations and private enterprises	87 984	-	-	87 984	85 698	2 286	97.4%	83 326	41 229
Private enterprises	87 984	-	-	87 984	85 698	2 286	97.4%	83 326	41 229
Other transfers to private enterprises	87 984	-	-	87 984	85 698	2 286	97.4%	83 326	41 229

Department of Small Business Development – Vote 31

APPROPRIATION STATEMENT

for the year ended 31 March 2020

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Households	-	-	-	-	-	-	-	8	6
Social benefits	-	-	-	-	-	-	-	8	6
Payments for capital assets	408	-	-	408	380	28	93.2%	354	349
Machinery and equipment	408	-	-	408	380	28	93.2%	354	349
Other machinery and equipment	408	-	-	408	380	28	93.2%	354	349
TOTAL	129 028	-	(2 000)	127 028	119 597	7 431	94.1%	121 775	75 278

Department of Small Business Development – Vote 31

APPROPRIATION STATEMENT

for the year ended 31 March 2020

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3.1 Cooperatives Development

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	8 965	650	(318)	9 297	8 476	821	91.2%	7 495	6 062
Compensation of employees	6 689	919	-	7 608	7 487	121	98.4%	5 825	4 577
Goods and services	2 276	(269)	(318)	1 689	989	700	58.6%	1 670	1 485
Payments for capital assets	60	7	-	67	62	5	92.1%	60	57
Machinery and equipment	60	7	-	67	62	5	92.1%	60	57
TOTAL	9 025	657	(318)	9 364	8 538	826	91.2%	7 555	6 119

Department of Small Business Development – Vote 31

APPROPRIATION STATEMENT

for the year ended 31 March 2020

3.2 Cooperatives Programme Design and Support

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	17 308	(206)	-	17 102	13 399	3 703	78.3%	15 414	12 805
Compensation of employees	15 809	(475)	-	15 334	11 772	3 562	76.8%	13 601	11 094
Goods and services	1 499	269	-	1 768	1 627	141	92.0%	1 813	1 711
Transfers and subsidies	87 984	-	-	87 984	85 698	2 286	97.4%	83 324	41 228
Public corporations and private enterprises	87 984	-	-	87 984	85 698	2 286	97.4%	83 318	41 222
Payments for capital assets	219	-	-	219	206	13	94.2%	177	176
Machinery and equipment	219	-	-	219	206	13	94.2%	177	176
TOTAL	105 511	(206)	-	105 305	99 303	6 002	94.3%	98 915	54 208

APPROPRIATION STATEMENT

for the year ended 31 March 2020

3.3 Supplier Development and Market Access Support

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	14 363	(444)	(1 682)	12 237	11 644	593	95.2%	15 186	14 834
Compensation of employees	10 711	(444)	-	10 267	9 911	356	96.5%	12 879	12 757
Goods and services	3 652	-	(1 682)	1 970	1 733	237	88.0%	2 307	2 077
Transfers and subsidies	-	-	-	-	-	-	-	2	1
Households	-	-	-	-	-	-	-	2	1
Payments for capital assets	129	(7)	-	122	122	10	92.0%	117	116
Machinery and equipment	129	(7)	-	122	122	10	92.0%	117	116
TOTAL	14 492	(451)	(1 682)	12 359	11 756	603	95.1%	15 305	14 951

Department of Small Business Development – Vote 31

APPROPRIATION STATEMENT

for the year ended 31 March 2020

Programme 4: Enterprise Development and Entrepreneurship

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Enterprise and Supplier Development	1 705 900	(143)	77 420	1 783 177	1 782 845	332	100.0%	861 394	861 083
2. SMMEs Programme Design and Support	269 885	313	(60 456)	209 742	190 445	19 297	90.8%	353 291	338 114
3. Entrepreneurship	7 036	(170)	(3 357)	3 509	604	2 905	17.2%	3 041	2 570
Total for sub programmes	1 982 821	-	13 607	1 996 428	1 973 894	22 534	98.9%	1 217 726	1 201 766
Economic classification									
Current payments	44 226	(62)	(5 565)	38 599	33 787	4 812	87.5%	38 725	36 582
Compensation of employees	34 544	-	(565)	33 979	30 061	3 918	88.5%	29 897	28 379
Salaries and wages	31 063	(272)	(565)	30 226	26 354	3 872	87.2%	26 235	24 810
Social contributions	3 481	272	-	3 753	3 707	46	98.8%	3 662	3 569
Goods and services	9 682	(62)	(5 000)	4 620	3 726	894	80.7%	8 828	8 203
Administrative fees	293	(5)	(100)	188	128	60	67.8%	213	173
Minor assets	-	-	-	-	-	-	-	10	4
Catering: Departmental activities	821	(422)	(132)	267	108	159	40.3%	1 526	1 468
Communication	78	62	-	140	128	12	91.4%	116	99

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for the year ended 31 March 2020

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Computer services	1 900	(412)	(1 488)	-	-	-	-	47	46
Consultants: Business and advisory services	362	(203)	-	159	-	159	-	1 399	1 385
Contractors	500	134	(500)	134	133	1	99.0%	708	707
Fleet services	129	39	-	168	72	96	42.6%	96	83
Consumable supplies	28	(11)	-	17	7	10	42.4%	31	18
Consumable: Stationery, printing and office supplies	113	53	(15)	151	112	39	73.9%	108	43
Operating leases	-	1	-	1	1	0	60.0%	2	2
Travel and subsistence	3 138	706	(765)	3 079	2 732	347	88.7%	3 482	3 094
Operating payments	13	(4)	-	9	1	8	5.9%	1	0
Venues and facilities	2 307	-	(2 000)	307	307	0	99.9%	1 001	995
Rental and hiring	-	-	-	-	-	-	-	88	87
Transfers and subsidies	1 938 377	67	19 000	1 957 444	1 939 727	17 717	99.1%	1 178 663	1 164 848
Departmental agencies and accounts	882 763	-	-	882 763	882 763	-	100%	840 089	840 089
Departmental agencies	882 763	-	-	882 763	882 763	-	100%	840 089	840 089
Public corporations and private enterprises	1 055 600	-	19 000	1 074 600	1 056 884	17 716	98.4%	338 191	324 481
Public corporations	805 860	-	79 000	884 860	884 860	-	100%	10 000	10 000

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APPROPRIATION STATEMENT

for the year ended 31 March 2020

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Other transfers to public corporations	805 860	-	79 000	884 860	884 860	-	100%	10 000	10 000
Private enterprises	249 740	-	(60 000)	189 740	172 024	17 716	90.7%	328 191	314 481
Other transfers to private enterprises	249 740	-	(60 000)	189 740	172 024	17 716	90.7%	328 191	314 481
Households	14	67	-	81	80	1	98.5%	383	278
Social benefits	14	67	-	81	80	1	98.5%	183	178
Other transfers to households	-	-	-	-	-	-	-	200	100
Payments for capital assets	218	(5)	172	385	380	5	98.7%	338	336
Machinery and equipment	218	(5)	172	385	380	5	98.7%	338	336
Other machinery and equipment	218	(5)	172	385	380	5	98.7%	338	336
Payments for financial assets									
TOTAL	1 982 821	-	13 607	1 996 428	1 973 894	22 534	98.9%	1 217 726	1 201 766

APPROPRIATION STATEMENT

for the year ended 31 March 2020

4.1 Enterprise and Supplier Development

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	12 526	(150)	(1 608)	10 768	10 439	329	96.9%	11 003	10 798
Compensation of employees	8 818	(187)	-	8 631	8 580	51	99.4%	7 160	7 031
Goods and services	3 708	37	(1 608)	2 137	1 858	279	87.0%	3 843	3 766
Transfers and subsidies	1 693 323	12	79 000	1 772 335	1 772 334	1	100.0%	850 334	850 230
Departmental agencies and accounts	882 763	-	-	882 763	882 763	-	100.0%	840 089	840 089
Public corporations and private enterprises	810 560	-	79 000	889 560	889 560	0	100.0%	10 000	10 000
Households	-	12	-	12	11	1	92.5%	245	141
Payments for capital assets	51	(5)	28	74	72	2	97.2%	57	55
Machinery and equipment	51	(5)	28	74	72	2	97.2%	57	55
TOTAL	1 705 900	(143)	77 420	1 783 177	1 782 845	332	100.0%	861 394	861 083

Department of Small Business Development – Vote 31

APPROPRIATION STATEMENT

for the year ended 31 March 2020

4.2 SMMEs Programme Design and Support

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	24 675	258	(592)	24 341	22 763	1 578	93.5%	24 694	23 227
Compensation of employees	21 742	349	-	22 091	20 987	1 104	95.0%	21 273	19 886
Goods and services	2 933	(91)	(592)	2 250	1 776	474	78.9%	3 421	3 341
Transfers and subsidies	245 054	55	(60 000)	185 109	167 393	17 716	90.4%	328 329	314 618
Public corporations and private enterprises	245 040	-	(60 000)	185 040	167 324	17 716	90.4%	328 329	314 618
Households	14	55	-	69	69	0	99.6%	138	137
Payments for capital assets	156	-	136	292	290	2	99.2%	268	268
Machinery and equipment	156	-	136	292	290	2	99.2%	268	268
TOTAL	269 885	313	(60 456)	209 742	190 445	19 297	90.8%	353 291	338 114

Department of Small Business Development – Vote 31

APPROPRIATION STATEMENT

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4.3 Entrepreneurship

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	7 025	(170)	(3 365)	3 490	586	2 904	16.8%	3 028	2 557
Compensation of employees	3 984	(162)	(565)	3 257	493	2 764	15.1%	1 464	1 461
Goods and services	3 041	(8)	(2 800)	233	92	141	39.6%	1 564	1 096
Payments for capital assets	11	-	8	19	18	1	96.4%	13	13
Machinery and equipment	11	-	8	19	18	1	96.4%	13	13
TOTAL	7 036	(170)	(3 357)	3 509	604	2 905	17.2%	3 041	2 570

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2020

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

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

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

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

3. Detail on payments for financial assets

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

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

4.1 Per programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Administration	119 475	116 659	2 816	2.4%
Sector Policy and Research	25 621	18 630	6 991	27.3%
Integrated Cooperatives Development	127 028	119 597	7 431	5.9%
Enterprise Development and Entrepreneurship	1 996 428	1 973 894	22 534	1.1%

Sector Policy and Research: Expenditure for the Programme amounted to R18.6 million (72.7%) against the Adjusted allocation of R25.6 million, resulting in an under expenditure of R7 million (27.3%). Compensation of employees contributed R6.4 million to underspending as a result of vacancies. Goods and services also underperformed by R551 thousand largely due to cancelled official trips and events which were planned for March 2020.

Integrated Cooperatives Development: Expenditure for the Programme amounted to R119.6 million (94.1%) against the Adjusted allocation of R127 million, resulting in an under expenditure of R7.4 million (5.9%). Non-submission of supporting documents worth R1.8 million by the National Youth Development Agency (NYDA) and technical issues with banking details led to the Cooperatives Incentives Scheme (CIS) in transfers and subsidies underspending by R2.3 million. Compensation of employees underspent by R4 million due to existing vacancies whilst Goods and Services underspent by R1.1 million, largely on travel and subsistence (R751 thousand) and catering (R159 thousand) due to cancelled official trips and meetings.

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2020

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Current payments	218 151	198 825	19 326	8.9%
Compensation of employees	151 517	137 073	14 444	9.5%
Goods and services	66 634	61 752	4 882	7.3%
Transfers and subsidies	2 045 736	2 025 730	20 006	1.0%
Departmental agencies and accounts	882 763	882 763	-	0.0%
Public corporations and private enterprises	1 162 584	1 142 582	20 002	1.7%
Households	389	385	4	1.0%
Payments for capital assets	4 665	4 225	440	9.4%
Machinery and equipment	4 665	4 225	440	9.4%

Compensation of Employees – The Department managed to spend R137.1 million (90.5%) against the Adjusted allocation of R151.5 million resulting in an under expenditure of R14.4 million (9.5%) mainly due to the current 12% vacancy rate.

Goods and services – Expenditure is R61.8 million (92.7%) against the Adjusted allocation of R66.6 million which constitutes an under spending of R4.9 million (7.3%).

The areas of under expenditure occurred largely on travel and subsistence (R2 million) due to reduced travel requests from branches than projected; catering (R707 thousand) and travel agency fees (R270 thousand).

Capital asset – Expenditure is R4.2 million (90.6%) against the allocation of R4.7 million which constitutes an under spending of R440 thousand (9.4%).

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2020

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
REVENUE			
Annual appropriation	1	2 268 552	1 488 453
Departmental revenue	2	23 257	1 329
Aid assistance	3	166 337	-
TOTAL REVENUE		2 458 146	1 489 782
EXPENDITURE			
Current expenditure			
Compensation of employees	4	137 073	133 036
Goods and services	5	61 752	73 551
Aid assistance	3	30	-
Total current expenditure		198 855	206 587
Transfers and subsidies			
Transfers and subsidies	6	2 025 730	1 206 447
Aid assistance	3	162 200	-
Total transfers and subsidies		2 187 930	1 206 447
Expenditure for capital assets			
Tangible assets	7	4 224	5 030
Intangible assets	7	-	1 454
Total expenditure for capital assets		4 224	6 484
TOTAL EXPENDITURE		2 391 009	1 419 518
SURPLUS FOR THE YEAR		67 137	70 264
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		39 773	68 935
Annual appropriation		39 773	68 935
Conditional grants			
Departmental revenue and NRF Receipts	12	23 257	1 329
Aid assistance	3	4 107	-
SURPLUS FOR THE YEAR		67 137	70 264

STATEMENT OF FINANCIAL POSITION

as at 31 March 2020

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
ASSETS			
Current assets		31 610	68 759
Cash and cash equivalents	8	23 443	68 200
Prepayments and advances	9	8 135	487
Receivables	10	32	72
Non-current assets		2 091	1 937
Receivables	10	2 091	1 937
TOTAL ASSETS		33 701	70 696
LIABILITIES			
Current liabilities		31 819	68 946
Voted funds to be surrendered to the Revenue Fund	11	27 556	68 935
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	12	3	3
Payables	13	153	8
Aid assistance repayable	3	3 969	-
Aid assistance unutilised	3	138	-
TOTAL LIABILITIES		31 819	68 946
NET ASSETS		1 882	1 750
Represented by:			
Recoverable revenue		1 882	1 750
TOTAL		1 882	1 750

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2020

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Recoverable revenue			
Opening balance		1 750	1 472
Transfers:		132	278
Debts raised		132	278
Closing balance		1 882	1 750
TOTAL		1 882	1 750

CASH FLOW STATEMENT

for the year ended 31 March 2020

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		2 445 784	1 489 607
Annual appropriated funds received	1.1	2 256 335	1 488 453
Departmental revenue received	2	23 086	1 153
Interest received	2.2	26	1
Aid assistance received	3	166 337	-
Net (increase)/decrease in working capital		(7 463)	(700)
Surrendered to Revenue Fund		(92 192)	(17 566)
Surrendered to RDP Fund/Donor		-	(123)
Current payments		(198 855)	(206 587)
Transfers and subsidies paid		(2 187 930)	(1 206 447)
Net cash flow available from operating activities	14	(40 656)	58 184
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	7	(4 224)	(6 484)
Proceeds from sale of capital assets	2.3	145	175
(Increase)/decrease in non-current receivables	10	(154)	-
Net cash flows from investing activities		(4 233)	(6 309)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		132	278
Net cash flows from financing activities		132	278
Net increase/(decrease) in cash and cash equivalents		(44 757)	52 153
Cash and cash equivalents at beginning of period		68 200	16 047
Cash and cash equivalents at end of period	15	23 443	68 200

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

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).

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

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

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.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

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.

8.3. Accruals and payables not recognised

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

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.

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

8.4.2 Finance leases

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

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

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

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

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 unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.

9.2. Aid assistance paid

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

10. Cash and cash equivalents

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

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.

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. Financial assets

13.1. 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.

13.2. 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.

14. Payables

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

15. Capital Assets

15.1. Movable capital assets

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

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

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

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.

15.2. Intangible assets

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

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

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

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

16. Provisions and Contingents

16.1. Provisions

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

16.2. 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.

16.3. 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.

16.4. Capital commitments

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

17. Unauthorised expenditure

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

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or

- approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

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

18. Fruitless and wasteful expenditure

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

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

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

19. Irregular expenditure

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

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

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

20. Changes in accounting estimates and errors

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

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.

21. 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.

22. Related party transactions

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

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

23. Employee benefits

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

24. Transfers of functions

Transfers of functions are accounted for by the acquirer by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of transfer.

Transfers of functions are accounted for by the transferor by derecognising or removing assets and liabilities at their carrying amounts at the date of transfer.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

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):

	2019/20			2018/19		
	Final Appropriation	Actual Funds Received	Funds not requested/not received	Final Appropriation	Appropriation received	Funds not requested / not received
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	124 388	124 263	125	127 940	127 940	-
Sector Policy and Research	32 315	30 223	2 092	21 012	21 012	-
Integrated Cooperative Development	129 028	129 028	-	121 775	121 775	-
Enterprise Development and Entrepreneurship	1 982 821	1 972 821	10 000	1 217 726	1 217 726	-
TOTAL	2 268 552	2 256 335	12 217	1 488 453	1 488 453	-

Funds not requested due to slow spending on BBSDP (R10 million), Compensation of Employees (R2.1 million) and Machinery and Equipment (R125 thousand)

2. Departmental revenue

	Note	2019/20	2018/19
		R'000	R'000
Tax revenue			
Sales of goods and services other than capital assets	2.1	58	57
Interest, dividends and rent on land	2.2	26	1
Sales of capital assets	2.3	145	175
Transactions in financial assets and liabilities	2.4	23 028	1 096
Total revenue collected		23 257	1 329
Less: Own revenue included in appropriation		-	-
Departmental revenue collected		23 257	1 329

The revenue collected is made of R23 million received from 2018/19 Seda-funds to be surrendered to the National Revenue fund; sale of motor vehicle (R145 thousand); employee parking rent collected (R24 thousand); commission earned on third party deductions e.g. insurance/premiums from employees' salaries (R34 thousand); interest earned on commercial Bank Account (R27 thousand) refund from GEMS (R16 thousand); and departmental debts recovered (R12 thousand).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

2.1 Sales of goods and services other than capital assets

	<i>Note</i>	2019/20	2018/19
	2	R'000	R'000
Sales of goods and services produced by the department		58	57
Sales by market establishment		24	26
Other sales		34	31
TOTAL		58	57

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

2.2 Interest, dividends and rent on land

	<i>Note</i>	2019/20	2018/19
	2	R'000	R'000
Interest		26	1
TOTAL		26	1

Interest from bank deposits.

2.3 Sale of capital assets

	<i>Note</i>	2019/20	2018/19
	2	R'000	R'000
Tangible assets		145	175
Machinery and equipment		145	175
TOTAL		145	175

Proceedings from cash disposal of an old vehicle.

2.4 Transactions in financial assets and liabilities

	<i>Note</i>	2019/20	2018/19
	2	R'000	R'000
Other Receipts including Recoverable Revenue		23 028	1 096
TOTAL		23 028	1 096

2018/19 Seda surplus funds surrendered to the National Revenue Fund (R23 million); a refund from GEMS and debt collection.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

3. Aid assistance

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Opening Balance		-	123
Prior period error		-	-
As restated		-	123
Transferred from statement of financial performance		4 107	-
Paid during the year		-	(123)
Closing Balance		4 107	-

Funds received from the European Union for the EDSE project (R3.969 million) and the Local Government SETA for compensation of interns (R138 thousand)

3.1 Analysis of balance by source

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Aid assistance from RDP		3 969	-
Aid assistance from other sources		138	-
Closing balance	3	4 107	-

3.2 Analysis of balance

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Aid assistance unutilised		138	-
Aid assistance repayable		3 969	-
Closing balance	3	4 107	-

3.3 Aid assistance expenditure per economic classification

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Current		30	-
Transfers and subsidies		162 200	-
Total aid assistance expenditure		162 230	-

Transfer to Seda (R12.2 million), sefa (R150 million) and R30 thousand spent on advertising

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

4. Compensation of employees

4.1 Salaries and Wages

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Basic salary		95 076	91 770
Performance award		1 151	629
Service Based		78	35
Compensative/circumstantial		1 758	1 837
Periodic payments		87	1 037
Other non-pensionable allowances		23 407	23 079
TOTAL		121 557	118 387

Performance award increased due to increase in number of officials that qualified (49) compared to 2018/19 financial year (20) and the resignation of the Minister's Special Advisor resulted in decreased periodic payments.

4.2 Social contributions

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Employer contributions			
Pension		12 223	11 610
Medical		3 274	3 021
Bargaining council		19	18
TOTAL		15 516	14 649
TOTAL COMPENSATION OF EMPLOYEES		137 073	133 036
Average number of employees		200	198

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

5. Goods and services

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Administrative fees		762	978
Advertising		359	393
Minor assets	5.1	72	146
Bursaries (employees)		417	292
Catering		1 202	2 452
Communication		1 345	1 269
Computer services	5.2	5 317	7 039
Consultants: Business and advisory services		3 122	5 470
Legal services		666	318
Contractors		364	1 051
Agency and support / outsourced services		302	240
Entertainment		-	4
Audit cost – external	5.3	3 244	5 307
Fleet services		1 482	1 681
Consumables	5.4	1 070	2 348
Operating leases		21 622	20 358
Property payments	5.5	-	3
Rental and hiring		428	177
Travel and subsistence	5.6	17 798	20 767
Venues and facilities		794	1 357
Training and development		799	576
Other operating expenditure	5.7	587	1 325
TOTAL		61 752	73 551

Key cost drivers

- Operating lease: Office space rental of 3966 m2 and 529 m2 for block G and A respectively from the **dtic**.
- Travel and Subsistence: Predominantly on normal business operations that entail travelling to clients and other official commitments.
- Computer services: Desktop support services provided by SITA and Microsoft licencing
- Audit costs: Regulatory and forensic Audit carried out by AGSA
- Consultants: Analysis of barriers to entry for SMMEs and Co-operatives and research topics for the 2018/19 financial literature and context review.
- Fleet services: Largely on fuel aligned to normal business operations
- Communications: Land line and cell phone charges.
- Catering: Catering for departmental activities.
- Consumable stationery: The department consumes a considerable volume of stationery such as yellow files for incentive claims and travel invoices

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

5.1 Minor assets

	<i>Note</i>	2019/20	2018/19
	6	R'000	R'000
Tangible assets		72	146
Machinery and equipment		72	146
TOTAL		72	146

5.2 Computer services

	<i>Note</i>	2019/20	2018/19
	5	R'000	R'000
SITA computer services		4 402	5 463
External computer service providers		915	1 576
TOTAL		5 317	7 039

Desktop support services -SITA and Microsoft annual license fee.

5.3 Audit cost – External

	<i>Note</i>	2019/20	2018/19
	5	R'000	R'000
Regularity audits		2 885	4 159
Investigations		359	1 148
TOTAL		3 244	5 307

Regulatory and forensic Audits carried out by AGSA.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

5.4 Consumables

	<i>Note</i>	2019/20	2018/19
	5	R'000	R'000
Consumable supplies		200	673
Uniform and clothing		35	28
Household supplies		76	60
Building material and supplies		13	15
Communication accessories		3	467
IT consumables		32	57
Other consumables		41	46
Stationery, printing and office supplies		870	1 675
TOTAL		1 070	2 348

Other consumables consist of gifts bought for employees hospitalised and uniform for qualifying employees (Accommodation and Auxiliary services).

5.5 Property payments

	<i>Note</i>	2019/20	2018/19
	5	R'000	R'000
Other		-	3
TOTAL		-	3

5.6 Travel and subsistence

	<i>Note</i>	2019/20	2018/19
	5	R'000	R'000
Local		15 279	16 914
Foreign		2 519	3 853
TOTAL		17 798	20 767

Reduced travelling within the department in general.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

5.7 Other operating expenditure

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Professional bodies, membership and subscription fees	5	9	13
Resettlement costs		11	116
Other		567	1 196
TOTAL		587	1 325

Other: printing & publication, courier services, storage, and roadworthy test.

6. Transfers and subsidies

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Departmental agencies and accounts	<i>Annexure 1A</i>	882 763	840 089
Public corporations and private enterprises	<i>Annexure 1B</i>	1 142 582	365 703
Households	<i>Annexure 1C</i>	385	655
TOTAL		2 025 730	1 206 447

Transfers to Small Enterprise Development Agency (Seda), Industrial Development Corporation (IDC), Small Enterprise Finance Agency (sefa) and DSBD administered interventions i.e. Black Business Supplier Development Programme (BBSDP), Cooperatives Incentives Scheme (CIS), Informal and Micro Enterprise Development Programme (IMEDP), leave discounting for ex-employees, as well as gifts & donations as enabled by TR section 21. DSBD transferred R100 thousand to WITS for entrepreneurial sponsorship.

7. Expenditure for capital assets

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Tangible assets		4 224	5 030
Machinery and equipment	26	4 224	5 030
Intangible assets		-	1 454
Software	27	-	1 454
TOTAL		4 224	6 484

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

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

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

Machinery and equipment consist of audio visual equipment, laptops, desktops, office equipment and furniture, kitchen appliances, and finance lease

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

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

7.3 Finance lease expenditure included in Expenditure for capital assets

	Note	2019/20	2018/19
		R'000	R'000
Tangible assets			
Machinery and equipment		2 706	2 372
TOTAL		2 706	2 372

Tools of trade leases: Mobile communications and photocopying service contracts.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

8. Cash and cash equivalents

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Consolidated Paymaster General Account		22 611	68 134
Disbursements		766	-
Cash on hand		66	66
TOTAL		23 443	68 200

Rejected IMEDP payments in March 2020. The bank interfaced in April left the control account with a R766 thousand balance.

9. Prepayments and advances

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Travel and subsistence		7	88
Prepayments (Not expensed)	9.1	26	5
Advances paid (Not expensed)	9.2	8 102	394
TOTAL		8 135	487

Advance to the NYDA for the Braai Café programme (R1.8 million) and 1000 Youth Owned Business Support (R6 million); International travel advances to officials (R7 thousand) and DIRCO for facilitating international official travel (R259 thousand).

9.1 Advances paid (Not expensed)

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

Advances paid (Not expensed)

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

9.2 Prepayments (Not expensed)

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

Prepayments (Not Expensed)

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

10. Receivables

	<i>Note</i>	2019/20			2018/19		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	10.1	2	-	2	47	-	47
Recoverable expenditure	10.2	15	-	15	-	-	-
Staff debt	10.3	15	73	88	23	47	70
Other receivables	10.4	-	2 018	2 018	2	1 890	1 892
TOTAL		32	2 091	2 123	72	1 937	2 009

10.1 Claims recoverable

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
National departments	10 and Annex 4	2	-
Provincial departments		-	47
TOTAL		2	47

Cell phone bill claim receivable from SAPS.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

10.2 Recoverable expenditure (disallowance accounts)

	<i>Note</i>	2019/20	2018/19
	10	R'000	R'000
Sal: Tax debt		15	-
TOTAL		15	-

Tax debt from two ex-employees.

10.3 Staff debt

	<i>Note</i>	2019/20	2018/19
	10	R'000	R'000
Salary overpayment		68	49
Tax debt		20	19
Leave without pay		-	2
TOTAL		88	70

Performance award tax debt, salary overpayment for ex-employees. Matter has been handed over to the State Attorneys

10.4 Other receivables

	<i>Note</i>	2019/20	2018/19
	10	R'000	R'000
Grants incentives overpayments or non-performance		2 018	1 892
TOTAL		2 018	1 892

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

10.5 Impairment of receivables

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Estimate of impairment of receivables		2 018	-
TOTAL		2 018	-

Long over-due overpayments transferred from the **dtic** that are unlikely to be recovered, due to the time that has lapsed.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

11. Voted funds to be surrendered to the Revenue Fund

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Opening balance		68 935	16 186
Prior period error			
As restated		68 935	16 186
Transfer from statement of financial performance (as restated)		39 773	68 935
Voted funds not requested/not received	1.1	(12 217)	-
Paid during the year		(68 935)	(16 186)
Closing balance		27 556	68 935

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

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Opening balance		3	54
Prior period error			
As restated		3	54
Transfer from Statement of Financial Performance (as restated)		23 257	1 329
Paid during the year		(23 257)	(1 380)
Closing balance		3	3

13. Payables – current

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Clearing accounts	13.1	153	8
TOTAL		153	8

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

13.1 Clearing accounts

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Description			
Sal: Pension Fund		38	-
Sal: Income Tax		115	8
TOTAL		153	8

Deductions from March 2020 salary run.

14. Net cash flow available from operating activities

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Net surplus as per Statement of Financial Performance		67 137	70 264
Add back non-cash/cash movements not deemed operating activities		(107 793)	(12 080)
<i>(Increase)/decrease in receivables</i>		40	(294)
<i>(Increase)/decrease in prepayments and advances</i>		(7 648)	(49)
<i>Increase/(decrease) in payables – current</i>		145	(357)
<i>Proceeds from sale of capital assets</i>		(145)	(175)
<i>Expenditure on capital assets</i>		4 224	6 484
<i>Surrenders to Revenue Fund</i>		(92 192)	(17 566)
<i>Surrenders to RDP Fund/Donor</i>		-	(123)
Voted funds not requested/not received		(12 217)	-
Net cash flow generated by operating activities		(40 656)	58 184

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

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Consolidated Paymaster General account		22 611	68 134
Disbursements		766	-
Cash on hand		66	66
TOTAL		23 443	68 200

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

16. Contingent liabilities and contingent assets

16.1 Contingent liabilities

		Note	2019/20	2018/19
			R'000	R'000
Liable to	Nature			
Claims against the department		Annex 2A	152	837
TOTAL			152	837

16.2 Contingent assets

		Note	2019/20	2018/19
			R'000	R'000
Nature of contingent asset				
BBSDP Incentives			393	1 440
CIS Incentives			201	331
TOTAL			594	1 771

BBSDP:

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

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

CIS:

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

Forensic investigation outcomes:

DSBD engaged the services of the Office of the Auditor General of SA to conduct a forensic investigation into the administration of the Department's 2 incentive schemes. The findings of the report include allegations of fraud, misrepresentation and non-compliance of Departmental Guidelines on the part of officials responsible for the administration of the schemes as well as allegations of collusion and fraud in respect of applicants, beneficiaries and service providers who were awarded funding in terms of the schemes. This has resulted in 9 officials of the Department being placed on precautionary suspension in order to follow the relevant employee relations process. Of the 9 officials, 2 has since been cleared whilst the remaining 7 are still on suspension. Possible civil claims for recovery of funds and possible criminal charges will also be pursued against officials and cited third parties through engagement with the Office of the State Attorney to assist and these will be processed through the Courts and the South African Police Services.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

17. Capital commitments

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Computer Equipment		245	-
TOTAL		245	-

18. Accruals and payables not recognised

18.1 Accruals

			2019/20	2018/19
			R'000	R'000
Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	2 119	605	2 724	1 585
Capital assets	198	328	526	66
TOTAL	2 317	933	3 250	1 651

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Listed by programme level			
Administration		2 737	937
Sector Policy and Research		88	97
Integrated Cooperative Development		278	135
Enterprise Development and Entrepreneurship		147	482
TOTAL		3 250	1 651

Communications both voice and data invoices submitted 2020/21 that related to prior period.

19. Employee benefits

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Leave entitlement		4 906	4 611
Service bonus		3 187	3 122
Performance awards		1 217	2 277
Capped leave		1 082	1 030
Other		-	10
TOTAL		10 392	11 051

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

20. Lease commitments

20.1 Operating leases

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

2018/19	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	19 863	-	19 863
Later than 1 year and not later than 5 years	-	-	-	-	-
Later than five years	-	-	-	-	-
Total lease commitments	-	-	19 863	-	19 863

Rental for office accommodation on the **dtic** campus.

20.2 Finance leases

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

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for the year ended 31 March 2020

2018/19	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	2 927	2 927
Later than 1 year and not later than 5 years	-	-	-	930	930
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	3 857	3 857

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

21. Accrued departmental revenue

	Note	2019/20	2018/19
		R'000	R'000
Interest, dividends and rent on land		-	-
TOTAL		-	-

21.1 Analysis of accrued departmental revenue

	Note	2019/20	2018/19
		R'000	R'000
Opening balance		-	1 052
Less: Amounts received			(1 052)
TOTAL		-	-

22. Irregular expenditure

22.1 Reconciliation of irregular expenditure

	Note	2019/20	2018/19
		R'000	R'000
Opening balance		947	207
Prior period error			
As restated		947	207
Add: Irregular expenditure – relating to prior year	22.2	146	-
Add: Irregular expenditure – relating to current year	22.2	350	740
Less: Prior amounts condoned	22.3	(1 226)	-
Closing balance		217	947

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Analysis of awaiting condonation per age classification			
Current year		217	740
Prior years		-	207
TOTAL		217	947

22.2 Determination and investigation

		2019/20
		R'000
Incident	Disciplinary steps taken/criminal proceedings	
Omission of local content on request for quotation	Counselling provided to the affected official	146
3 quotation processes were not followed for the procurement of legal services through the Office of the State Attorney	Counselling provided to the affected official	106
Contract amount paid exceeded the value of the original amount. No extension granted	None taken yet, the matter is to be investigated	111
3 quotation procurement processes not followed for the appointment of service providers for the Economic Financing Forum	Counselling provided to the affected official	133
TOTAL		496

22.3 Details of expenditure condoned

		2019/20
		R'000
Incident	Condoned by	
Local content not requested with RFQ	National Treasury	474
Month to month clause on travel contract not approved by the accounting officer	National Treasury	473
3 quotation procurement processes not followed for the appointment of service providers for the Economic Financing Forum	National Treasury	133
Local content not requested on RFQ	National Treasury	146
TOTAL		1 226

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

23. Fruitless and wasteful expenditure

23.1 Reconciliation of fruitless and wasteful expenditure

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Opening balance		6	-
Prior period error			-
As restated		6	-
Fruitless and wasteful expenditure – relating to prior year	23.2	14	
Fruitless and wasteful expenditure – relating to current year		-	12
Less: Amounts recoverable	10	(6)	(6)
Less: Amounts written off		-	-
Closing balance		14	6

23.2 Details of current and prior year fruitless and wasteful expenditure – added current year

		2019/20
		R'000
Incident	Disciplinary steps taken/criminal proceedings	
Telkom line that was not closed on time	Investigation underway	14
TOTAL		14

24. Related party transactions

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

Small Enterprise Development Agency (**Seda**)Small Enterprise Finance Agency (**sefa**)Voted Transfers to **sefa** are facilitated by the Economic Development Department (**EDD**)

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

25. Key management personnel

	<i>No. of Individuals</i>	2019/20	2018/19
		R'000	R'000
Political office bearers (provide detail below)	2	4 445	4 379
Officials:			
Level 15 to 16	1	5 369	7 306
Level 14 (incl. CFO if at a lower level)	7	7 336	10 001
TOTAL	10	17 149	21 686

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

26. Provisions

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Cooperatives Incentives Scheme		43 743	45 087
Black Business Supplier Development Programme		80 871	119 286
TOTAL		124 614	164 373

26.1 Reconciliation of movement in provisions – 2019/20

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

26.2 Reconciliation of movement in provisions – 2018/19

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

27. Movable Tangible Capital Assets

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

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	17 199	-	1 586	(1 311)	17 474
Transport assets	3 877	-	-	(660)	3 217
Computer equipment	5 884	-	1 216	(459)	6 641
Furniture and office equipment	3 739	-	182	-	3 921
Other machinery and equipment	3 699	-	188	(192)	3 694
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	17 199	-	1 586	(1 311)	17 474

Movable Tangible Capital Assets under investigation

	Number	Value
		R'000
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	1	12

The asset was reported stolen and is being investigated by the internal Security Management unit.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

27.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current not paid (Paid current year received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	4 225	68	(2 706)	-	1 586
Computer equipment	1 170	46	-	-	1 216
Furniture and office equipment	182	-	-	-	182
Other machinery and equipment	2 872	22	(2 706)	-	188
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	4 225	68	(2 706)	-	1 586

27.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	(660)	(651)	(1 311)	145
Transport assets	(660)	-	(660)	145
Computer equipment	-	(459)	(459)	-
Other machinery and equipment	-	(192)	(192)	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	(660)	(651)	(1 311)	145

27.3 Movement for 2018/19

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	16 418	121	3 139	(2 479)	17 199
Transport assets	4 415	-	-	(538)	3 877
Computer equipment	5 819	-	983	(918)	5 884
Furniture and office equipment	3 363	-	1 200	(824)	3 739
Other machinery and equipment	2 821	121	955	(199)	3 699
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	16 418	121	3 139	(2 479)	17 199

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

27.3.1 Prior period error

	Note	2018/19
		R'000
Nature of prior period error		
Inclusion of VAT on Vodacom invoices		121
TOTAL PRIOR PERIOD ERRORS		121

27.4 Minor assets

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

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

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Number of R1 minor assets	-	-	-	-	-	-
Number of minor assets at cost	-	-	-	405	-	405
TOTAL NUMBER OF MINOR ASSETS	-	-	-	405	-	405

Minor Capital Assets under investigation

	Number	Value
		R'000
Included in the above total of the minor capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	3	12

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	1 019	-	1 019
Prior period error	-	-	-	23	-	23
Additions	-	-	-	229	-	229
Disposals	-	-	-	174	-	174
TOTAL MINOR ASSETS	-	-	-	1 097	-	1 097

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

Prior period error to correct the omission of VAT on mobile instruments

27.4.1 Prior period error

	Note	2018/19
		R'000
Nature of prior period error		
Relating to 2018/19		23
VAT on cellular phones		23
TOTAL		23

Prior period error to correct the omission of VAT on mobile instruments

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

27.5 Movable assets written off

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

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

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2019

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Assets written off	-	-	-	1 271	-	-
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-	1 271	-	-

28. Intangible Capital Assets

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

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Software	2 969	-	-	(17)	2 952
TOTAL INTANGIBLE CAPITAL ASSETS	2 969	-	-	(17)	2 952

28.1 Disposals

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
Software	-	17	17	-
TOTAL DISPOSALS OF INTANGIBLE CAPITAL ASSETS	-	17	17	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

28.2 Movement for 2018/19

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Software	1 515	-	1 454	-	2 969
TOTAL INTANGIBLE CAPITAL ASSETS	1 515	-	1 454	-	2 969

29. Prior period errors

29.1 Correction of prior period errors

	Note	Amount bef error correction	Prior period error	Restated Amount
		2018/19	2018/19	2018/19
		R'000	R'000	R'000
Assets:	26			
Movable Assets		17 078	121	17 199
Minor Assets		1 074	23	1 097
Net effect		18 152	144	18 296

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

ANNEXURE 1A

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENTAL AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2018/19
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Seda Technology Programme	152 281	-	-	152 281	152 281	100%	229 359
Small Enterprise Development Agency	715 076	-	-	715 076	715 076	100%	580 241
Seda Capacity Building	15 406	-	-	15 406	15 406	100%	30 489
TOTAL	882 763	-	-	882 763	882 763	100%	840 089

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

ANNEXURE 1B

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2018/19
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public Corporations									
Transfers	805 860	-	79 000	884 860	884 860	100%	-	884 860	10 000
Industrial Development Corporation-sefa	800 000	-	79 000	879 000	879 000	100%	-	879 000	10 000
Craft Customized Sector	5 860	-	-	5 860	5 860	100%	-	5 860	-
SUBTOTAL: PUBLIC CORPORATIONS	805 860	-	79 000	884 860	884 860	100%	-	884 860	10 000
Private Enterprises									
Transfers	337 724	-	(60 000)	277 724	257 722	92.8%	-	257 722	411 509
Black Business Supplier Development Programme (BBSDP)	186 126	-	(60 000)	126 126	111 560	88.5%	-	111 560	270 953
Co-operatives Incentives Scheme (CIS)	87 984	-	-	87 984	85 698	97.4%	-	85 698	83 318
Craft Customised Sector	4 700	-	-	4 700	4 700	100.0%	-	4 700	-
National Informal Business Upliftment Scheme (NIBUS)	58 914	-	-	58 914	55 764	94.7%	-	55 764	57 238
SUBTOTAL: PRIVATE ENTERPRISES	337 724	-	(60 000)	277 724	257 722	92.8%	-	257 722	411 509
TOTAL	1 143 584	-	19 000	1 162 584	1 142 582	98.3%	-	1 142 582	421 509

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

ANNEXURE 1C

STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2018/19
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
HOUSEHOLDS							
Transfers							
Households (HH)	291	-	98	389	385	99%	782
TOTAL	291	-	98	389	385	99%	782

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

ANNEXURE 1D

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2019/20	2018/19
		R'000	R'000
Received in kind			
Dream Invest	Accommodation and ticket	-	20
Megaphase Road Signage (Pty) Ltd	Mouse pad	-	0
NACFISA	Watch	-	0
Ibhubesi Information Technologies	Memory stick & Coffee mugs	-	0
National Treasury	Fruit basket	-	0
Moon Consulting	Small Travelling Bag	4	-
Microsoft South Africa	Sponsored Conference	12	-
Global Entrepreneurship Network (GEN)	3 nights hotel accommodation	12	-
Broadway Sweets	Book & gift bag (sweets)	1	-
Polokwane municipality	Framed traditional portrait dolls	5	-
SUBTOTAL		34	20
TOTAL		34	20

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

ANNEXURE 1E

STATEMENT OF AID ASSISTANCE RECEIVED

		Opening Balance	Revenue	Expenditure	Paid back on/by 31 March 2020	Closing Balance
NAME OF DONOR	PURPOSE	R'000	R'000	R'000	R'000	R'000
Received in cash						
European Union	The employment promotion through SMME's support programme	-	166 199	162 230	-	3 969
Local Government Sector Education and Training Authority (LGSETA)	Internship programme	-	138	-	-	138
SUBTOTAL		-	166 337	162 230	-	4 107
TOTAL			166 337	162 230	-	4 107

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

ANNEXURE 1F

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2019/20	2018/19
	R'000	R'000
Made in kind		
South African Informal Traders Alliance - (Conferencing at Orion Hotels & Resorts)	-	100
Global Business Round Table	-	100
University of the Witwatersrand - Entrepreneurial week sponsorship	100	-
TOTAL	100	200

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

ANNEXURE 2A

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2020

	Opening Balance 1 April 2019	Liabilities incurred during the year	Liabilities paid/ cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2020
NATURE OF LIABILITY	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Breach of contract by DSBD (CIS)	170	-	170	-	-
Settlement agreement to former employee	-	33	-	-	33
Performance assessment	119	-	-	-	119
Settlement agreement to former employee: Unfair dismissal	449	-	449	-	-
Unfair labour practice (sessional allowance)	99	-	99	-	-
SUBTOTAL	837	33	718	-	152
TOTAL	837	33	718	-	152

	Opening Balance 1 April 2019	Details of Liability and Recoverability	Movement during year	Closing Balance 31 March 2020
NATURE OF LIABILITIES RECOVERABLE	R'000		R'000	R'000
Not applicable	-	-	-	-
TOTAL	-	-	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

ANNEXURE 3

CLAIMS RECOVERABLE

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2019/20	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000		R'000	R'000	R'000		R'000
GOVERNMENT ENTITY								
Department								
Gauteng Economic Development	-	47	-	-	-	47	-	-
South African Police Services (SAPS)	-	-	2	-	2	-	-	-
TOTAL	-	47	2	-	2	47	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

ANNEXURE 4

INTER-GOVERNMENT PAYABLES

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2019/20	
							Payment date up to six (6) working days before year end	Amount
	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019		
GOVERNMENT ENTITY	R'000	R'000		R'000	R'000	R'000		R'000
DEPARTMENTS								
Current								
Limpopo Co-operative Governance Human Settlements and Traditional Affairs	-	35	-	-	-	-	-	-
TOTAL	-	35	-	-	-	-	-	-
TOTAL INTERGOVERNMENTAL PAYABLES	-	35	-	-	-	-	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

ANNEXURE 5A

INTER-ENTITY ADVANCES PAID (note 9)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
Department of International Relations and Cooperation	-	-	259	394	259	394
SUBTOTAL	-	-	259	394	259	394
PUBLIC ENTITIES						
National Youth Development Agency (NYDA)	-	-	7 843	-	7 843	-
SUBTOTAL	-	-	7 843	-	7 843	-
TOTAL	-	-	8 102	394	8 102	394

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