




ANNUAL REPORT 2017/18



**small business
development**

Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA



**DEPARTMENT OF
SMALL BUSINESS DEVELOPMENT
VOTE NO. 31
2017/18 ANNUAL REPORT**



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PART A: GENERAL INFORMATION



1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
BBBEE	Broad-based Black Economic Empowerment
BBSDP	Black Business Supplier Development Programme
CDA	Cooperatives Development Agency
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIS	Cooperatives Incentive Scheme
Coops	Cooperatives
DDG	Deputy Director-General
DG	Director-General
DPME	Department of Planning, Monitoring and Evaluation
DPSA	Department of Public Service and Administration
DSBD	Department of Small Business Development
EDD	Economic Development Department
EIP	Enterprise Incubation Programme
ENE	Estimates of National Expenditure
Exco	Executive Committee
GRAP	Generally Recognised Accounting Practice
HRMD	Human Resources Management and Development
ICT	Information and Communication Technology
IGR	Inter-Governmental Relations
ILO	International Labour Organisation
IMC	Inter-Ministerial Committee
IMEDP	Informal and Micro Enterprise Development Programme
IPAP	Industrial Policy Action Plan
IR	International Relations
KPA	Key Performance Area
LED	Local Economic Development
LM	Local Municipality
M&E	Monitoring and Evaluation
MINEXCO	Ministers' Meetings with the Executive Committee (Exco)
MINMEC	Ministers and Members of Executive Council
MOA/ U	Memorandum of Agreement/ Understanding
MP	Member of Parliament



MPAT	Management Performance Assessment Tool
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan, Vision 2030
NEPF	National Evaluation Policy Framework
NGP	New Growth Path
NIBUS	National Informal Business Upliftment Strategy
NPC	National Planning Commission
NT	National Treasury
PAIA	Promotion of Access to Information Act
PFMA	Public Finance Management Act
PSA	Public Service Act
SADC	South African Development Community
SBD	Small Business Development
SCM	Supply Chain Management
SDIP	Service Delivery Improvement Plan
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SEIF	Shared Economic Infrastructure Facility
SETA	Sector Education and Training Authority
SMART	Specific, measurable, achievable, realistic and time bound
SMMEs	Small, Medium and Micro Enterprises
SMS	Senior Management Service
SONA	State of the Nation Address
SP	Strategic Plan
StatsSA	Statistics South Africa
the dti	Department of Trade and Industry
WSP	Workplace Skills Plan

3. FOREWORD: MINISTER OF SMALL BUSINESS DEVELOPMENT



MS LINDIWE ZULU

It gives me particular pleasure to present this 2017/18 Annual Report, as it will be the last such report which will be tabled during this 5th Administration. Hence, in addition to the year under review, I will briefly reflect on the past four-years

I have had the singular privilege of leading the establishment of the first Department of Small Business Development in South Africa (SA). The transformation of our economy and society was at the heart of our national development agenda since the dawn of our democracy in articulated, among other, in the Reconstruction and Development Programme, which was ushered in by the ANC-led government in 1994. Since then we've seen a plethora of policies and programmes to create a more inclusive economy, benefiting all South Africans.

The National Development Plan (NDP) makes several recommendations in order to eradicate poverty, increase employment and reduce inequality by 2030. The NDP envisions that if its full range of its recommendations are implemented, by 2030 the SA economy will grow at 5% per annum with 60-80% of this the value being generated by SMMEs and expanding businesses. Unemployment will be reduced to 6% through the creation of 11 million jobs with 90%, or 9.9 million, of the new jobs the being created by SMMEs and expanding businesses.

Hence a dedicated Department was established in 2014 to advance the development of sustainable SMME's and Cooperatives, as key levers for job creation and the reduction of poverty and inequality; and with a specific focus on youth, women and people with disabilities, especially those based in rural areas and townships; as well as high-growth businesses with the potential to be catapulted to the centre of the mainstream economy, to disrupt the concentration and structure of the economy

However, driving the mandate to "lead and coordinate an integrated approach to the promotion and development of entrepreneurship, small businesses and co-operatives, and ensure an enabling legislative and policy environment to support their growth and sustainability," was uncharted territory.

Our journey has been both exhilarating and exciting, with multiple achievements, but slower than we would have liked it to be.

The establishment of the Department was welcomed, particularly by small black and white, women- and youth-owned, township and rural based enterprises. There were huge expectations of the difference the Department would make for this cohort of businesses and citizens, who until then largely felt excluded.

I was encouraged by the multitudes of small business activists who came forward volunteering their ideas and resources. I was struck by the innovative and creative solutions which had already been developed and implemented, as well as their stories about the extent to which they had been rebuffed or ignored by officials in all spheres of government and public entities.

KEY ACHIEVEMENTS

Budget Vote 31 on Small Business Development, only became operative with effect 1 April 2015. Thus 2017/18, was the third year that we were audited, noting that the Auditor General measures all departments by the same standards and their audit opinion is thus an objective indicator of the effectiveness of governance and administration, financial management in particular.



I am pleased to report that, despite the limited resources, the Department achieved its third successive unqualified audit outcome, without incurring any irregular expenditure. Furthermore, we paid 100% of all valid invoices within 30-days of receipt thereof.

In 2015/16 we conducted a Programme Review to evaluate relevance and strategic significance of the programmes transferred to our mandate and which should be retained, restructured or abandoned. As a result, with effect 1 April 2016, we remained with the Black Business Supplier Development Programme (BBSDP) and the Cooperatives Incentive Scheme. BBSDP is a cost-sharing grant mainly extended to expanding SMMEs. Since 2014/15, 2 558 SMMEs were supported to the value of R 1.32 billion with multiples success stories and testimonies of the impact of this grant on black-owned SMMEs.

We also breathed life into the National Informal Business Upliftment Strategy (NIBUS), which seeks to create an enabling legal and regulatory environment; provide finance and nonfinancial support; promote intergovernmental relations to deliver to the sector; encourage the role of private sector and support of informal trader organisations.

To commence the implementation of NIBUS, DSBD introduced the Shared Economic Infrastructure Facility (SEIF) programme and the Informal and Micro Enterprise Development Programme (IMEDP) in 2015/16. In the first year, over 1 000 Informal business traders in the retail sector across the country were beneficiaries. We met many of the beneficiaries at their graduation ceremonies and without exception, each group attested to critical of business management skills they had not known, which enabled them to change their business models and become more competitive. Since we started rolling out this instrument, the Department has supported more than 8000 informal businesses through financial and non-financial support. There have also been significant challenges with the delivery of equipment to informal businesses, which are being resolved.

Globally, business incubators and accelerators have been identified as strategic tools for helping to grow a country's entrepreneurial base while reducing the high mortality of SMMEs. Thus in 2016/17 we initiated the Enterprise Incubation Programme which aims to grow SMMEs and Cooperatives with access to a market opportunity. By the end of the 2017/18 financial year, 55% of these incubators were already demonstrating positive growth.

Another Programme introduced by my Department, and implemented by Small Enterprise Development Agency (Seda) is the National Gazelles Programme, targeting high-potential and high-growth businesses. It remains one of our flagships of which we are extremely proud. Currently programme is supporting eighty (80) companies and will over the course of three years assist them to grow and access new markets whilst at the same time working on their internal processes so that they are sustainable in the longer-term.

The performance of the first cohort National Gazelle companies, that joined the programme in 2016 and as reported in March 2018, is as follows

- 68% (27) of the businesses increased their business performance by 17%, resulting in a R30 million increase in business value.
- 29% (11) of the businesses increased their business value by more than 25%.
- 71% (27) of the businesses increased their growth potential by 17%.
- 45% (17) of the businesses improved their cash flow by 10%.

In the four years since the establishment of the Department, more than 57.8% of our annual budget allocation is transferred to Seda. In terms of the value which has been derived from this investment, over this period, key successes from services rendered through Seda, which has the largest network for small enterprise development and support in South Africa include:

- 318 215 people reached through promotional and marketing actions.
- 37 510 clients supported by the Seda branch network
- 10 109 clients supported by the Seda incubation network

We have worked very closely with stakeholders in the Cooperatives Movement to ensure that the significance of co-operative enterprises do not fade into the background or forgotten as we embark on this journey towards radical socio-economic transformation. President Ramaphosa stated that his priority is that of jobs, jobs and more jobs. Our focus on the growth and sustainability of cooperatives, is a key lever to job creation across different sectors. Hence, the Department has revised the guidelines of one of its instruments, the Cooperatives Incentive Scheme, to enable government to support cooperatives that are in a cluster form, as they have bigger chance of success in this form.

Entrepreneurship development is high on the agenda of our government and we plan to accelerate culture of entrepreneurship in the country. We are committed to improve the Entrepreneurship Development Ecosystem. We hosted the first Global Entrepreneurship Congress in Africa in March 2017. Since then, there has been significant development, traction and discourse on entrepreneurship development in South Africa and on continent.

We have in collaboration with the various organisations in the entrepreneurship ecosystem established structures such as the Global Entrepreneurship Network Africa and the South African chapter that seeks to carry the work of the Congress forward. One of these milestones are embodied the launch of the 22 on Sloane Entrepreneurship Development Hub, housing not only the South Africa Start-ups, but businesses from across the African continent.

2018/19 PRIORITIES

Our priorities for the 2018/19 financial year has largely been shaped by the Programme of Action in response to the 2018 State of the Nation Address and our mandate.

We will by November 2018, conclude the National Small Enterprise Amendment Bill, which will among other provide for a new Schedule supporting the definitions of SMMEs. It will further provide for the establishment of new entities and for the regulation of the business advising profession.

We have prepared a Presidential minute to facilitate the enactment of the 2013 Cooperative Development Amendment Act. This Act provides for a range of institutional arrangements, which will support the growth and sustainability of cooperatives. We will work with National Treasury to unlock the budgets to support the implementation of this Act.

The Department, together with National Treasury, is determined to sharpen the monitoring and implementation of the 30% Set- Aside policy for SMMEs. The Public-Sector Supply Chain Review confirmed that in 2017/18 alone, government spent over R800 billion on the procurement of goods and services, as well as construction works. However, many, many SMME continue to complain that they are overlooked. We hold the view that 30% is not the ceiling. Instead it is the minimum value of contracts which should be awarded to the SMMEs and Cooperatives. It is encouraging that there are many departments and a few provinces which have far exceeded the 30%.

DSBD has a responsibility to champion the interests of SMMEs and Cooperatives when new legislation is developed to ensure that this sector is not negatively affected. As a Department we are ready to be the voice of this sector. Hence, in the coming year we will deepen our analysis to understand exactly who the SMMEs are that are benefitting from the 30% set- aside policy.

The payment of suppliers within 30 days remains a challenge. As at September 2017, a total of 71 883 invoices to the value of R4.3bn were older than 30 days and not paid. While I am happy to report that in the 2017/18 financial year, my department is amongst those departments which paid 100% of its invoices within 30-days, there are many departments who are non-compliant. My Department, the Department of Planning, Monitoring and Evaluation and National Treasury are working together on stronger enforcement measures because we can no longer turn a blind eye to departments who are in flagrant violation of a policy decision and Treasury Regulations and who cause the collapse of SMMEs and cooperatives.

We are excited about the new stream of support which will be available to SMMEs and Cooperatives. Firstly, the R2.1 billion SMME and Innovation Fund, announced by the President in February 2018. This Fund will build on best practices, and, will largely be directed at innovative start-ups with a reasonable prospect of success. We are finalising the implementation modalities with



National Treasury and the Department of Science and Technology, and we are working towards announcing the operationalisation of the Fund during the third quarter of 2018/19 with the first disbursements in 2019/20.

Secondly, my department is leading the roll-out of the European Union (EU) funded “Employment Promotion through SMME Support Programme for South Africa,” a five-year 52 million Euros, or approximately R800m at the time of signing partnership agreement, which we launched on 6 April 2018. In October 2018, we will announce the modalities of this fund, which will be deployed to craft an alternative future for entrepreneurs and SMMEs in our country.

CONCLUSION

In the 2018 State of the Nation Address President Ramaphosa said: *“Ultimately, the growth of our economy will be sustained by small businesses, as is the case in many countries. It is our shared responsibility to grow this vital sector of the economy.”*¹

The Department of Small Business Development stands ready to lead the coordination of the entire public sector, the organised small business and cooperatives sector, private sector, academia and small business development activists, to deliver this vision.

MS LINDIWE ZULU, MP

MINISTER OF SMALL BUSINESS DEVELOPMENT

Date: 30 August 2018

¹ 2018 State of the Nation Address: Page 12

4. STATEMENT: DEPUTY MINISTER



MR CASSELE MATHALE

Whilst the Department of Small Business Development is one of the newest departments in government, it is tasked with a critical mandate and carries the hopes of many South Africans who both want to venture into business opportunities and or choose to become entrepreneurs given the levels of unemployment. Given this hope and mandate, the road we have traversed has not been easy. The Department operated with meagre resources and a very lean staff complement. Despite these challenges, this report presents promising results especially given the fact that this is the performance of a four-year old national government organisation.

The development and growth of small businesses and cooperatives recognised as one of the critical levers for growth across the globe. It is against this backdrop that the current Administration saw it fit to establish a separate Ministry and Department solely responsible for small businesses and cooperatives.

The impact of the work of the Department is evident as it is our considered view that we are making some difference in the economic lives of our citizens.

This report is presented at a time when our economy is not performing very well, unemployment especially of young people is increasing, the manufacturing levels are low and thus the country's fiscus is squeezed. Because of these challenges, expectations are high as more and more

people begin to look at entrepreneurship and self-employment opportunities as solutions. Whilst many of these are necessity entrepreneurs, as opposed to being opportunity-driven entrepreneurs, our efforts can turn them into real entrepreneurs.

The Department is therefore continuously innovating and developing new programmes that target these vulnerable individuals and groups. In our quest to develop small businesses and cooperatives, the initial processes of reviewing what has been implemented prior to the Department's establishment has provided guidance in terms of us prioritising certain quick wins such as leveraging on public sector procurement, to provide market access opportunities.

Access to markets is one of the areas that form the apex of the Department's strategy going forward. Discussions have been initiated with sister departments to unlock opportunities and develop appropriate support mechanisms through transversal agreements.

We are still on the path to achieve full results and impact of these agreements. However, some of these, particularly the ones led through the private sector are beginning, to yield positive results. At the same time there is a need to review some of the existing policy frameworks and legislative provisions to provide a better alignment with the Department's mandate. It is our view therefore that the Department has done well given the period of its establishment. However, there is still quite a lot of work to be done to make a step change in both the sector and its contribution to the triple challenges facing the country namely: unemployment, poverty and inequality.

MR CASSELE MATHALE, MP

DEPUTY MINISTER OF SMALL BUSINESS DEVELOPMENT

Date: 30 August 2018



5. REPORT OF THE ACCOUNTING OFFICER



EDITH VRIES

5.1 INTRODUCTION

It being my last year in office as the Accounting Officer of the Department of Small Business Development (DSBD), it is a privilege to present the 2017/18 Annual Report.

Since 2014, we have been focussed on establishing the new department and institutionalising it as an effective and efficient administration, capable of delivering its mandate. It is a multi-year and multi-layered change management process, the complexity of which is often underestimated. However, I have been encouraged by the manner in which all staff have embraced the change management process, and despite the uncertainty it generated a times, staff remained focused on the mandate.

5.2 OVERVIEW

This Annual Report accounts for the Department's performance against the 2017/18 Annual Performance Plan, crafted to deliver our mandate. As such we strived to achieve five (5) strategic goals, namely:

- Policy and planning coherence in the sector, that promotes an enabling ecosystem for SMMEs and co-operatives.
- Equitable access to responsive and targeted products and services that enables the growth and development of SMMEs and co-operatives.

- An enhanced contribution to socio-economic development outcomes by the sector.
- Sound governance and optimal utilisation of available resources.
- A professional and capacitated SBD Sector.

Additionally, the department reported against the MTSF priorities, namely:

- Outcome 4: Decent employment through inclusive economic growth, which is led by the Department of Trade and Industry.
- Outcome 7: Comprehensive Rural Development, which is led by the Department of Rural Development and Land Reform.

The Department set out to achieve 54 indicators and targets over the reporting period. The standards against which performance was measured were stringent:

- Achieved: 100% and above
- Partially achieved: 75-99%
- Not achieved: below 74%

5.3 2017/18 PERFORMANCE HIGHLIGHTS

5.3.1 Administration

DSBD was stabilised as a department and the governance strengthened as manifested in:

- Accomplishing a third unqualified audit opinion from the Auditor General with no material adjustments to the Annual Financial Statements;

- Achieving a representation of 51.2% of women in its Senior Management Services (SMS) cadre, above the public service standard of 50%. The latter included capable women heading key portfolios such as finance (Chief Financial Officer), Corporate Services, Internal Audit and Supply Chain Management;
- The Department has 2,8% people living with disabilities as at 31 March 2018, two of whom are SMS members.
- During 2016/17 the Minister approved the organisational structure of the Department and it was submitted to the DPSA for concurrence. All employees were placed against the approved structure.
- The structure has been redesigned to align to the mandate of the Department. In particular the Competitiveness Support Branch has been redesigned and replaced with a Sector Policy and Research Branch. All Senior Management posts have been graded and the new redesigned structure will be submitted for approval during 2018/2019.

5.3.2 SMME AND COOPERATIVES RESEARCH AND POLICY

The Research and Policy Branch was established in the previous financial year and finalised several seminal research studies in 2017/18, such as:

- SMME Business Rescue Strategy
- SMME Ecosystem; and
- The 2016 Annual Review on the State SMMEs in South Africa

These studies, together with those concluded in 2016/17, has placed the department in a better position to provide thought leadership and make evidence-based policy and management decisions. For example, one of the findings of the Business Rescue Strategy was that a significant percentage of government officials in economic development departments are generalists with limited business acumen and without any entrepreneurial philosophy. Hence, the department has decided to annually expose officials to formal and informal learning experiences to address this limitation

In terms of its coordination role, unlocking of resources and integrated implementation to support the growth of SMMEs and Cooperatives, the department sets annual targets for concluding and implementing bilateral and transversal agreements. The Department planned to implement four public sector bilateral and transversal agreements in 2017/18 and exceeded this target.

5.3.3 SMME AND COOPERATIVES PROGRAMME DESIGN AND SUPPORT

Entrepreneurship development is high on the agenda of Government and the DSBD is committed to accelerate a culture of entrepreneurship and to improve the Entrepreneurship Development Ecosystem in the country.

South Africa hosted the first Global Entrepreneurship Congress in Africa in March 2017. Since then, there has been significant development, traction and discourse on entrepreneurship development in South Africa and on the continent.

We have, in collaboration with the various organisations in the entrepreneurship ecosystem, established structures such as the Global Entrepreneurship Network Africa and the South African chapter that seeks to carry the work of the Congress forward. One of these milestones is the launch of the 22 on Sloane Entrepreneurship Development Hub, housing not only the South African Start-ups, but businesses from across the African continent.

Globally and in South Africa, new direction for supporting and upgrading the SMME economy continue to be explored. One issue that has risen in policy prominence over the past decade, is establishing a network of business incubators to nurture particular groups of emerging small enterprises. Across a range of both developed and developing countries, small business incubators and accelerators have been identified as potential strategic tools for helping to grow a country's entrepreneurial base while reducing the high mortality of SMMEs.

Comparative international research suggests that South Africa has one of the world's lowest survival rates of SMME start-ups and it is estimated that as much as 80% of South Africa's SMMEs are failed businesses in their first year of existence.



Hence, in the 2016/17 financial year, the Department introduced the Enterprise Incubation Programme (EIP) to pilot market-driven approach incubation that identifies and supports SMMEs which are linked to market opportunities, supplier development or trade off agreements. The programme strived to incentivise new and existing incubators to nurture small enterprises and cooperatives to gain competitive technical and business development skills. EIP approved nine incubators in 2017/18 to the value of R47,2 million. These incubators, located in Limpopo, Eastern Cape, Gauteng and Kwa-Zulu Natal focuses on sectors such as agriculture, services, construction, information technology, steel, the property sector and the creative industries, amongst other.

While the full impact and the effectiveness of the EIP programme needs more time to emerge, there is evidence that approximately 55% of the EIPs are thriving. We have been encouraged by the lessons learnt and the return on investment.

One example is the Property Point Incubator, co-funded by the department and the company. As far as we could establish, it is the only incubator in the property sector. The incubator was started with sixteen participating SMMEs of which 47% are black women-owned, 38% are youth owned and 33% are township-based who were exposed to a rigorous training programme.

Subsequently, between 1 October 2017 and 31 March 2018:

- Property Point extended contracts to these incubates to the value of R21.9 million;
- The average growth rate in turnover was 11.7%;
- The number of direct & indirect jobs created was 106; and
- 51 employees were trained, including the entrepreneurs.

5.3.4 AREAS OF UNDER-PERFORMANCE

Vacancy rate: After reducing the vacancy rate to 9,8% at 31 March 2017, and sustaining this rate at the end of quarters two and three, the Department had 25 vacant funded posts (11,9%) at the end of the financial year. These vacancies included key posts such the positions of Deputy Directors General (DDGs). Two DDG posts were advertised during the period under review of which was concluded. By the end of the financial year, the Department was still awaiting approval from Cabinet to appoint the successful candidate for one of these posts.

The National Small Business Act was not amended as expected, the legislative process proved to take longer than anticipated. The DSBD was advised that the proposed amendments, informed by stakeholder consultations, would result in the drafting of a new Bill rather than amending the existing Bill, as a host of new possible changes are anticipated. The Department opted to respect the stakeholder expectations, despite the fact that it would require more time to complete.

Nonetheless, a key outcome from this process was a revised set of definitions of SMMEs. The supporting schedules to the definitions will be concluded and gazetted in the 2018/19 financial year, effectively providing policy certainty and the potential to imbue the public sector's approach to SMME development with poetically greater cohesion.

The National Incubation Framework was delayed given the low levels of capacity in the department's supply chain. This work will be concluded in 2018, in preparation for the South African Business Incubation Conference scheduled for November 2018.

Trend Analysis on Procurement: The annual planned target was to produce a tool and a trend analysis on procurement. Target was not fully achieved. Production of the tool was not achieved. Trend analysis on procurement was produced with the assistance from National Treasury. DSBD provided the National Treasury with specifications on information required to analyse such data, this will further enrich the development of the tool. Reason for not producing the tool was due to the fact that the definition of small enterprises in the amendment legislation had not been completed. This has been the major concern raised by National Treasury.

Sector-wide Trend Analysis on growth in the targeted groups: The annual planned target entailed producing a tool and to conduct sector wide trend analysis on growth in the targeted group's. The target related to the development of the tool was achieved. However, the target related to conducting trend analysis was not done. DSBD embarked on consultation with StatsSA and the Research Unit colleagues to ensure alignment of the tool with existing tools that are used for Annual Review. A Trend Analysis tool has been developed for incorporation and has not yet been implemented.

Informal and Medium Enterprise Development Programme (IMEDP): During 2017/18 financial year, the Department set an annual target to train 1696 informal traders through this programme. Due to severe budget constraints experienced by the Department, the planned target was underachieved and only 575 informal traders were trained as a result. In the 2018/19 financial year and beyond, this programme will be implemented by Seda as part of the shared and demarcated responsibilities of the DSBD portfolio.

Mid-Term Review of the Cooperatives Strategy: The planned annual target entailed producing an outcome report on Midterm Review of the Co-operatives Strategy, articulating findings and recommendations for revision in 2018/19. Due to the failure to appoint the service provider as a result of delays in the supply chain and bid adjudication processes, the intent to undertake focused research, production and compilation of the draft outcomes report was achieved. However, four provincial stakeholder consultations with Provincial Economic Departments and Municipalities in Gauteng, Kwa-Zulu Natal, Mpumalanga and the Eastern Cape were undertaken. The International Cooperatives Day was also used to undertake a survey on the cooperatives awareness of the Strategy. In addition, consultative workshop with the SEDA Cooperatives sections were carried out and these consultations, the survey and focused research were to be consolidated into the Mid-Term Review Outcome Report, which were not consolidated due to the fact that the Mid-Term Review Report was not formulated.

Sector Strategic Framework Development/Services Sector Strategy and Policy Action Plan: The annual planned target involved producing a customised sector strategy for a targeted and specific sector. Delays in the supply chain and bid adjudication processes in appointing a service provider and the depletion of the Goods and Services budget resulted in the target not being fulfilled.

Establishment of the Cooperatives Development Agency: As one of the efforts to strengthen the existing support value chain for Cooperatives, the department proposed, through the Cooperatives Amendment Act, No. 6 of 2013, the establishment of a Cooperatives Development Agency (CDA) with a mandate and purpose to develop and support Cooperatives. The key aim of the CDA was to provide a one-stop shop mechanism aimed at streamlining financial and non-financial support to Cooperatives.

The planned annual target entailed the establishment of the CDA. Due to the delay in the proclamation of the 2013 Cooperatives Amendment Act, the process to request the proclamation of the CDA could not be carried out and thus resulted in the inability to establish and operationalize the CDA.

5.3.5 OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

Table 1: Departmental receipts

Departmental receipts	2017/2018			2016/2017		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	69	52	17	50	88	(38)
Transfers received						
Fines, penalties and forfeits						
Interest, dividends and rent on land	0	2	(2)			
Sale of capital assets						
Financial transactions in assets and liabilities	141	497	(356)			
TOTAL	210	552	(342)	50	88	(38)



The Department is not a major income generating department and most of the revenue is rental from parking from DSBD employees and commission received on the deduction of insurance/premiums from employees' salaries.

The revenue collected for the financial year amounts to R551, 648.90 which is 262,2% of the adjusted estimated revenue of R210, 000 for the year. The revenue was received on a refund Government Employees Medical Aid scheme (R303, 923), recovery from non-performing incentive scheme related service providers (R141, 000), salary disallowance (R52, 019), parking fees (R26, 130) and commission on insurance and garnishees (R26, 350).

Table 2: Programme Expenditure

Programme Name	2017/2018			2016/2017		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	119 711	116 999	2 712	111 025	98 925	12 100
Small, Medium and Micro Enterprises and Cooperatives Policy and Research	17 324	16 748	576	25 835	13 848	11 987
Small, Medium and Micro Enterprises and Cooperatives Programme Design and Support	1 338 635	1 325 737	12 898	1 181 579	1 084 267	97 312
TOTAL	1 475 670	1 459 484	16 186	1 318 439	1 197 041	121 398

DSBD was allocated an adjusted budget of R1.476 billion for the 2017/18 financial year. As at 31 March 2018, expenditure was R1.459 billion which translates to 98.9% of the adjusted budget, resulting in a R16.2 million (1,1%) under performance for the year. The main contributor being transfers amounting to R12.400 million. Part of the transfers (R9.9 million) could not be disbursed as beneficiaries did not meet the milestone reporting requirements. These relate to the Shared Economic Infrastructure Framework (R4.9 million) and the Enterprise Incubation Programme (R4.9 million).

Compensation of Employees: The Department managed to spend R129 million or 97,4% of the adjusted R132.5 million. The overall under expenditure on personnel amounted to R3.4 million or 2,6% of the adjusted budget as a result of existing vacancies. As at 31 March 2018, the vacancy rate stood at 11,9% of 241 posts.

Goods and services expenditure was R78.1 million or (99,6%) of the adjusted budget of R78.4 million which constitutes an under spending of (0,4%) or R327 Thousand.

The main cost drivers were travel and accommodation (R20.7 million), operating leases (R18.9 million), consultancy services (R13.5 million), catering (R3.7 million), regulatory audits (R3.3 million), training and development (R2.1 million), advertising (R1.4 million) and travel related administrative fees (R1.2 million).

The pressure on goods and services was mainly from the following:

- Commitments worth R7 million from the previous financial year (2016/17) honoured with the 2017/18 allocation. These related to research projects (R3 million) of which a roll over request was declined by National Treasury, Information Technology services and Logis orders and accruals amounting to R4.2 million.
- Higher than anticipated cost for office space as the department had projected R13 million at the beginning of the financial year whilst actual expenditure amounted to R16.9 million. **the dti** had not been billing the DSBD for the Ministry occupied space.
- Projects such as CISMEF (R2 million) and Demo Africa (R5 million of which R2.1 million is yet to be paid) which were originally not funded at the beginning of the financial year.

Transfer payments expenditure was R1.2 billion of the adjusted budget of R1.2 billion, which constitutes an under spending of R12.4 million (1%). The transfers that contributed to the under expenditure are as follows:

- SEIF (R7.4 million): The Makhado Municipality tranche worth R4.8 million could not be processed before the end of the financial year as the agreement was finalised during the third (3rd) quarter, which resulted in the first (1st) tranche only being disbursed in the fourth (4th) quarter. The Stellenbosch Municipality tranche worth R3 million could also not be processed as the project start date was delayed.
- BBSDP (R7 Thousand): The remaining R7, 000 was inadequate to meet any BBSDP claim submitted as the lowest payable claim amounts to R10, 500 for network facilitators.
- EIP (R4.9 million): The under spending was contributed by slow performance by two (2) beneficiaries, Nunnovation/ Steelbest and Nwanedi. Underperformance as the Unit could not disburse three (3) payments amounting to R4.8 million to two (2) existing incubators (Nunnovation/ Steelbest) and one (1) new incubator (Nwanedi new generation) as a result of slow progress on the project and non-compliance to the scheme guidelines.

Table 3: Appropriation of budget

Programme Name	2017/2018			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation
	R'000	R'000	R'000	R'000
Administration	121 614	-	(1 903)	119 711
Small, Medium and Micro Enterprises and Cooperatives Policy and Research	17 999	-	(675)	17 324
Small, Medium and micro Enterprises and Cooperatives Programme Design and Support	1 336 057	-	2 578	1 338 635
TOTAL	1 475 670	-	-	1 475 670

During the 2017/18 financial year, the department implemented the following virements that were approved by the CFO and reported to National Treasury as enabled by section 43 of the Public Finance Management Act No.1 of 1999 (PFMA).

Table 4: Final Virements for 2017/18 financial year

FINAL VIREMENTS 2017/18 FINANCIAL YEAR					
FROM	ITEM LEVEL 3	R'000	TO	ITEM LEVEL 3	R'000
Programme 3: SMMEs: Programme Design and Support	Goods and Services	3 933	Programme 1: Administration	Goods and services	3 514
			Programme 2: SMMEs: Policy and Research	Goods and services	419
TOTAL GOODS AND SERVICES		3 933			3 933
Programme 1: Administration	Machinery and Equipment	94 000	Programme 2: SMMEs: Policy and Research	Machinery and Equipment	6 000
			Programme 3: SMMEs: Programme Design and Support	Machinery and Equipment	88 000
TOTAL MACHINERY AND EQUIPMENT		94 000			94 000

Rollovers

A rollover of R25.9 million was approved by National Treasury for the Enterprise Incubation Programme and it was all disbursed during 2017/18 financial year.



Reason for the virement:

- To fund Ministerial vehicles, Centres for Entrepreneurship and Gazelles programme.
- To address challenges experienced with IMEDP
- In procuring equipment.
- To address funding pressures in goods and services as a result of commitments from the previous financial year (2016/17), higher than anticipated rent for office space and projects such as CISMEF and Demo Africa.

We are extremely proud to report that there were no cases of unauthorised, fruitless and wasteful or irregular expenditure identified by the department.

5.4 ACKNOWLEDGEMENTS

I wish to extend my sincere gratitude to Minister Lindiwe Zulu and Deputy Minister Mr Cassel Mathale for their principled leadership and for leading by example.

The firm guidance, support and uncompromising quest for standards to the Audit and Risk Committee was invaluable and is appreciated.

I also extend my sincere appreciation to the DSBD Executive and Management Committees for their collegiality and for their willingness to embrace a paradigm shift in the understanding and implementation of our mandate. They consistently went the extra mile to meet the demand for service

I further wish to thank all staff for their commitment and dedication in ensuring that the department does not only execute its mandate, but that it makes an impact on the improvement of the lives of South Africans through striving towards building a conducive environment for small businesses and cooperatives to thrive in this difficult economic environment. While we have a long way to go, together we have journeyed from being unsure of our mandate to a confident community of small business and cooperatives ecosystem builders. Thank you.

EDITH VRIES

DIRECTOR-GENERAL

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT

Date: 30 August 2018

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 judgements made in this information. The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.
- In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2018



EDITH VRIES

DIRECTOR-GENERAL

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT

Date: 30 August 2018



7. STRATEGIC OVERVIEW

The Department of Small Business Development's mandate is to lead and coordinate an integrated approach to the promotion and development of entrepreneurship, small businesses and co-operatives, and ensure an enabling legislative and policy environment to support their growth and sustainability.

8. VISION

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

9. 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.

10. VALUES

Shared Value	What it means in practice / Behavioural Indicators
Innovation	Living this value means that we will seek to: Display a commitment to being "radical" in what we do; Foster innovative ideas and solutions in order to deliver exceptional results; and Continuously seek new and better ways to serve our clients.
Integrity	Living this value means that we will seek to: 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: Serve with utmost respect, competence and professional mannerism; 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: 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: Do what is needed to get the work done; Be selfless, resolute, purposeful and steadfast; and Be committed to efforts of job creation, alleviating poverty and reducing inequality; and Display a solution-driven attitude, and commitment to serve.

11. LEGISLATIVE AND OTHER MANDATES

A summary of key policies and legislation follows below:

12. CONSTITUTIONAL MANDATE

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

The DSBD and its public entities derive their primary mandate from the Constitution of the Republic of South Africa, Act 108 of 1996, and in particular²:

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;

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

Fully aligned to and arising from the Constitution, the 1995 White Paper³ identified the need for a systematic national framework, within which the different policies and programmes at national, regional and local level could be coordinated, towards the creation of an enabling environment for small enterprises. Given such an enabling environment it was expected that the hundreds of thousands of SMMEs will themselves accept responsibility for the operation, growth and progress of their enterprise. Therefore, policies need to resonate with national and regional as well as sectoral developments, taking into account differences between sectors like manufacturing, tourism or construction as well as differences between categories of SMMEs.

13. LEGISLATIVE MANDATE AND OTHER MANDATES

Table 5: Legislation and Responsibilities

Legislation	Purpose
National Small Business Act, (No.102 of 1996) amended 2004 and thereafter referred to as the National Small Business Amendment Act, 2004 (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.
Preferential Procurement Policy Framework Act, 2000 (No. 5 of 2000)	The purpose of the PPPFA is to ensure that government’s preferential procurement procedures are aligned with the aims of the Broad-Based Black Economic Empowerment Act, 2003 and the associated Codes of Good Practices.

² Republic of South Africa. (1996). The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). Pretoria. Government Printer.

³ Republic of South Africa. (1995). White Paper on a National Strategy for the Development and Promotion of Small Business in South Africa; Parliament, 20 March 1995.



Legislation	Purpose
Cooperatives Act, 2005 (No. 14 of 2005)	To provide for the formation and registration of cooperatives; the establishment of a Cooperatives Advisory Board; the winding up of cooperatives; the repeal of Act 91 of 1981; and matters connected therewith.
Broad-Based Black Economic Empowerment Act, 2003 (No. 53 of 2003)	To establish a legislative framework for the promotion of black economic empowerment; to empower the Minister to issue Codes of Good Practice and publish transformation charters; to establish the Black Economic Empowerment Advisory Council; and provide for matters connected therewith.
Public Finance Management Act, 1999 (No. 1 of 1999)	To regulate financial management in the national and provincial governments and ensure that government resources are managed efficiently and effectively.
Public Service Act, 1994, as amended (No. 103 of 1994)	To provide for the organisation and administration of the public service as well as the regulation of the conditions of employment, terms of office, discipline, retirement and discharge of members of the public service.

14. POLICY MANDATE

The policy and strategy mandates informing the strategic posture and intent of the SBD Portfolio are broadly summarised as follows:

Table 6: Policy Mandate

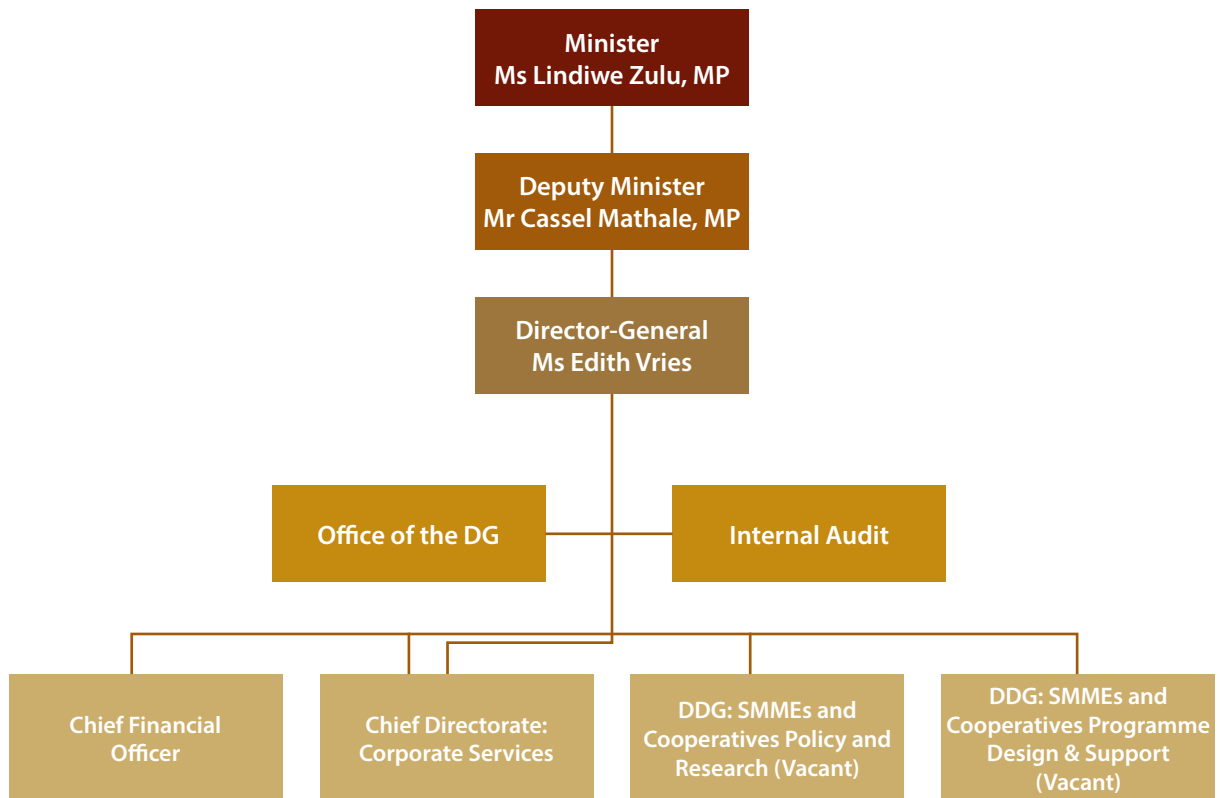
Informing Policy/ Strategy	Key Considerations
The New Growth Path (2008)	The New Growth Path is a broad framework that sets out a vision of creating five million jobs and reducing the country's unemployment level, one of the highest in emerging market countries in the world, from 25% to 15% over ten years to 2019. The SMME ethos of the NGP is similar to that of the later NDP, namely policy coherence through partnerships among key societal players, business and government.
The National Development Plan, Vision 2030 (2012)	The NDP envisions an economy that provides full employment by 2030 and serves the needs of all South Africans from different racial, social and economic backgrounds. As such, the economy will be more inclusive, grow faster, eliminate poverty and reduce inequality. The Portfolio plays a major and direct role in implementing Chapters 3 and 6 of the NDP; which respectively, deal with the economy and employment, and inclusive rural development and growth.
The National Industrial Policy Framework (NIPF) 2007 and the iterative Industrial Policy Action Plan	The Industrial Policy Action Plan (IPAP) stresses that longer term increases in employment in all sectors of the economy need to be underpinned by higher growth in production sectors, led by the manufacturing sectors. It adds that there is a problem of low productivity in the manufacturing sector that has to be addressed. IPAP categorises a focus on development in three key focus areas, as follows: Qualitatively new areas of focus. Scale up and broaden interventions in existing IPAP sectors. Sectors with potential for long-term advanced capabilities.

Informing Policy/ Strategy	Key Considerations
<p>The Medium Term Strategic Framework (2014 – 2019, and future)</p>	<p>The MTSF is then conceptualised as a series of 5-year building blocks towards the realisation of the NDP 2030 Vision, with the current 2014-2019 MTSF as the first of three.</p> <p>With regard to the 14 Outcomes identified in the MTSF, the SBD Portfolio has a primary / lead role in relation to two outcomes and their related sub-outcomes and key actions, as follows:</p> <p>MTSF Outcome 4: Decent Employment through Inclusive Economic Growth:</p> <ul style="list-style-type: none"> • Measure and reduce delays and unnecessary red tape around authorisations and related issues that hinder or might foster investment and employment (in the SMME and Co-ops space). • Township and rural economies supported and report on the impact in terms of the number of business supported, value of the grant approved and geographic location of the supported businesses. • Programmes to ensure increased access to employment and entrepreneurship for black women and youth in the context of stronger support for emerging and smaller enterprises overall. • Provide coaching, incubation, intensive support and financing to sustain existing small businesses and co-operatives, as well as expand the sector. <p>MTSF Outcome 7: Vibrant, equitable, sustainable rural communities:</p> <ul style="list-style-type: none"> • Promote sustainable rural enterprises and industries in areas with economic development potential. <p>It is noted that the Portfolio supports various other MTSF outcomes indirectly or in a secondary capacity, which work will continue. However this does not impact directly on the mandate or strategic posture of the Portfolio.</p>
<p>The Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises (2005)</p>	<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 3 strategic areas with aligned actions, as follows:</p> <p>Increase supply for financial and non-financial support services – Collaborative approaches to streamline resources from the public sector and crowding in private sector resources;</p> <p>Creating demand for small enterprise products and services - New policy directives, Public sector procurement strategy and BEE codes of good practice as a lever for increased demand;</p> <p>Reduce small enterprise regulatory constraints - Enabling environment, establish a regulatory impact assessment framework and business environment monitoring mechanism.</p>



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

15. ORGANISATIONAL STRUCTURE



The DSBD experienced challenges in formalising its organisational structure taking into account the Programme Review conducted in the latter part of 2015, as well as the inputs received on the 2016/17 Strategic and Annual Performance Plan from Department of Planning, Monitoring and Evaluation (DPME) and National Treasury (NT) during latter part of 2016.

Furhtermore, the Department's budget structure provided for three Programmes, namely Programme 1: Administration, Programme 2: Small, Medium and Micro Enterprises and Cooperatives Policy and Research and Programme 3: Small, Medium and Micro Enterprises and Cooperatives Programme Design and Support which created further challenges in respect of planning and reporting, whereas the Programme Review and DPME/NT inputs contributed to the need for four Programmes.

Therefore, in order to create stability within the Department and provide a foundation for the development of a functional and organisational structure that supports the strategic direction, the Department opted to place staff on the approved start-up structure with effect from 1 April 2017 with the intention of:

- Capacitating business units to ensure delivery of APP targets. The intent was severely constrained by the limited resources;
- Providing business continuity to minimise disruption in the functionality of the department and delivery of its mandate; and
- Clustering of similar functions to ensure people were placed appropriately.

At the request of the Department, the revised budget structure, which is aligned to the new vision as well as the redesigned functional and organisational structure, was approved by NT. During the year under review, the misalignment between the budget structure and the approved organisational and functional structure, created significant performance, and reporting challenges.

As a 1 April 2018 the Department will migrate to the new budget structure which allows for four Programmes. This will enable more effective delivery of the Department's mandate and eliminate the challenges encountered during the period under review.



16. ENTITIES REPORTING TO THE MINISTER

Two Public Entities report to the Minister through defined governance arrangements, allowing some autonomy to fulfil their mandates. The Agencies serve as an extension of and assist the Department of Small Business Development in delivering its mandate, as follows:

Table 7: Entities reporting to the Minister

Name of Institution	Founding Legislation	Mandate and Primary Outputs
Small Enterprise Development Agency (Seda)	National Small Enterprise Act 1996, (No.102 of 1996), as amended.	To develop, support and promote small enterprises to ensure their growth and sustainability. Seda provides non-financial business development and support services for small enterprises, in partnership with other role players in the small business development environment.
Small Enterprise Finance Agency (Sefa)	Section 3 (d) of the Industrial Development Corporation Act, No. 22 of 1940 (IDC Act).	To provide access to finance to Survivalist, Micro, Small and Medium businesses throughout South Africa. Sefa supports the development of sustainable SMME's through the provision of finance.
<p>In terms of the Cooperatives Development Act, 2005 (No. 14 of 2005), as amended, the department is to establish and operationalise the Cooperatives Development Agency (CDA); the Cooperatives Tribunal and the Cooperatives Advisory Council, to enhance the sustainability and competitiveness of Cooperatives.</p> <p>Due to the current fiscal environment and budget constraints, the Cooperatives Development Agency (CDA) will be incubated in the Small Enterprise Development Agency until such time that the Department is able to fund the CDA as a standalone agency.</p>		



PART B: PERFORMANCE INFORMATION



1. REPORT OF THE AUDITOR GENERAL ON 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.

For the AGSA's audit findings on the audit of the performance information, refer to page 106 of the Report of the Auditor-General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1. SERVICE DELIVERY ENVIRONMENT

The 2017/18 financial year has had its challenges, successes and other factors that impacted on the department's implementation of the 2017/18 Annual Performance Plan. The overview and the context within which the department operated in is as follows:

During the 2017/18 planning cycle, the Department updated the 2015 - 19 Strategic Plan based on the November 2016 recommendations from the National Treasury and the Department of Planning, Monitoring and Evaluation. In this regard, the Department focused on implementing the recommendations from the DPME and National Treasury emanating from the review of the Department's mandate, and strengthening its working relationships with the entities, other departments, provinces, municipalities and other stakeholders. As a result, the Department and its agencies developed a Portfolio Strategic Framework that defines the strategic posture of the portfolio, delineates the roles and functions of the portfolio but strengthens the relationship between the Department and the agencies.

To strengthen governance, the Department held quarterly Governance Fora with Entities meetings in which both the Department and its agencies would discuss matters of performance, progress on the Minister's Delivery Agreement, Medium-Term Strategic Framework, and general performance in relation to successes and challenges of the implementation of strategic objectives and operational plans.

During this process, the Department managed to discuss issues on implementation challenges experienced with programmes and interventions such as the Enterprise Incubation Programme, the Informal and Micro Enterprise Development Programme.

The 2017/18 Annual Performance Plan was informed by the Portfolio Strategic Framework and the revised 2015 - 19 Strategic Plan.

As per the 2017/18 APP, the Department set out to implement the Informal Micro Enterprise Development Programme (IMEDP), the Cooperatives Incentive Scheme (CIS), the Black Business Supplier Development Programme (BBSDP), the Informal Business Infrastructure Partnership Agreements under the National Informal Business Upliftment Strategy, the Enterprise Incubation Programme (EIP), and also partner with various stakeholders through entering into transversal agreements and partnerships in order to implement the mandate of the department.

The department also utilised the expanded connections of the two agencies, the Small Enterprise Development Agency (Seda) and the Small Enterprise Finance Agency (Sefa) in order to implement the small business development mandate. The Department operated under severe human and financial resources strain and this was worsened by gaps in planning, at a Branch level, for the implementation of the targets.

As a result of strained human resources, the department did not achieve eight of its planned targets and partially achieved on 13 of its planned 54 annual targets.

2.2. SERVICE DELIVERY IMPROVEMENT PLAN

In accordance with the Public Service Regulations, Chapter 1, Part iii C, the Department's Service Delivery Improvement Plan (SDIP) was approved on 31 March 2017. The approved Service Delivery Improvement Plan includes key services, the current and desired standards as indicated below. The Department will, in the 2018/19 financial year, review the current SDIP and develop a 2019 - 2021 SDIP.

Table 8: Main services and standards

Main services	Beneficiaries	Current/actual standard of service (2016/17)	Desired standard of service	
			2017/18	2018/19
1. Hot-Line/Call Centre	Stakeholders: The general public, small businesses, cooperatives, informal	Answer all calls; the Department of Trade and Industry call centre does assist in taking some of the calls (80%)	Answer all calls (90%)	Answer all calls (100%)
2. Access to Finance through the Cooperatives Incentive Scheme 350 cooperatives supported through CIS	businesses, the Small Enterprise Development Agency (Seda), the Small Enterprise Finance Agency (sefa), DSBD staff members,		370 cooperatives supported through CIS	270 cooperatives supported through CIS. This service could be migrated to one of the department's implementing agencies
3. Access to Informal Trader Upliftment Programme (ITUP) training		1000 informal traders trained through ITUP	1600 informal traders trained through ITUP	1696 informal traders trained through ITUP
4. Access to business infrastructure through the Black Business Support Development Programme (BBSDP)		480 black small businesses supported through BBSDP	600 black small businesses supported through BBSDP	641 black small businesses supported through BBSDP

2.3. ORGANISATIONAL ENVIRONMENT

The Department ensured the placement of all staff on the approved start-up structure within the first quarter of 2017/18 and the functional and organisational structure was submitted to the Department of Public Service and Administration (DPSA) in August 2017. This brought stability to the Department as advertising and filing the DDG posts was undertaken. DPSA offered advice on improving the structure through a process of redesign.

The structure was redesigned to align to the Portfolio approach, the budget structure, the feedback from DPSA and the inputs from the Portfolio Committee. The draft redesigned functional structure was consulted with the Minister, Executive Committee, the staff of the Department, and organised labour. The job evaluation and benchmarking exercises were completed and placement of staff on the redesigned structure was consulted as it is a DPSA requirement. The consultation with DPSA and National Treasury shall follow the final submission for approval by Minister and MPSA shall be undertaken in quarter 1 of the 2018/19 financial year.

The Department is still hosted in two buildings on the dti campus. The process to sign a Memorandum of Agreement (MoA) with the dti with regard to accommodation management and the use of specific on-campus facilities was concluded in the 2017/18 financial year. The Minister has approved relocation off the dti Campus as the building is sub-standard and the services when provided, are best effort and thus not guaranteed.



The Department has embarked on a change management process to entrench its own identity emphasising the departmental values and culture. The costs of proposals received through an open bidding process exceeded by far the budgeted amount and will have to be advertised again in the 2018/19 financial year.

Change Agents have to be reappointed in the 2018/19 financial year. Focus group sessions were held with all staff and management by the Director General and this is an on-going process. Progress has been made with the institutionalisation of Departmental policies and procedures.

2.4. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

National Small Business Act (No. 102 of 1996, as amended): The department will continue work towards the amendment of the National Small Business Act (No. 102 of 1996, as amended), in order to align the Act with the revised Strategy for Small Enterprise Development and Entrepreneurship and the mandate of the Department of Small Business Development.

In the process of alignment, the department will seek to review Schedule 1 of the Act in order to align the definition of SMMEs.

Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises: The DSBD will continue the review the Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises, in order for the strategy to remain relevant and to accommodate recent economic activities and business cycles.

This will allow the department to implement small business development programmes that are flexible and responsive to the economic and social needs of the society so as to craft an ecosystem which will deliver the expectation of achieving radical economic transformation.

Mid-term Review of the Cooperatives Strategy (2012 - 2022): The DSBD will conduct a Mid-term Review of the Cooperatives Strategy (2012 - 2022), which may result in a revision of the Strategy, and will inform the development of an integrated approach to Cooperatives development.

Preferential Public Procurement Framework Act (led by National Treasury): The 2015 Public Sector Supply Chain Review confirmed that, in 2013/14, government spent R500 billion on the procurement of goods and services, as well as construction works. If 30% of this were to be directed to SMME's, it would make a significant contribution to the sustainability of the SMME sector.

Apart from supporting the amendment of the regulations of the Preferential Public Procurement Framework Act (led by National Treasury), DSBD will develop guidelines as well as a monitoring and reporting framework to guide departments as to their engagement with this important matter.

3. STRATEGIC OUTCOME-ORIENTATED GOALS

During the 2017/18 reporting period, the Department adopted the following strategic outcome-orientated goals:

Table 9: 2017/18 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.	1.1 Reduced regulatory burdens and a conducive legislative and policy environment for SMME's and Co-operatives. 1.2 An integrated approach to planning, monitoring and evaluation of the SMMEs and co-operatives sector, to inform policy decision-making. 1.3 A comprehensive research agenda on key areas of support for SMME's and Co-operatives implemented. 1.4 Strengthened efforts to place SMME's at the centre of the economic diplomacy agenda.
2. Equitable access to responsive and targeted products and services that enables the growth and development of SMMEs and co-operatives.	2.1 Oversight and coordination of the design and implementation of targeted financial support programmes to support new and existing SMMEs and co-operatives. 2.2 Oversight and coordination of the design and implementation of targeted non-financial support programmes to support new and existing SMMEs and co-operatives. 2.3 Equitable and accessible SMME and co-operatives support services nationwide.
3. An enhanced contribution to socio-economic development outcomes by the sector.	3.1 Demonstrated progress towards sector-wide SMMEs and co-operatives support achieving its intended socio-economic impact, 3.2 Sustainable partnerships to support the SMME and co-operatives development agenda. 3.3 Informed and empowered communities and a responsive department.
4. Sound governance and the optimal utilisation of available resources.	4.1 Compliance and good governance ensured. 4.2 Sound institutional governance and oversight of the Small Business Development Portfolio. 4.3 Efficient, integrated and streamlined business processes and systems.
5. A professional and capacitated SBD Sector.	5.1 Coordinated development of the skills pool across the sector. 5.2 Strengthened human resource capability and a high performing organisation.



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; 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 Sub-programmes

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

- Ministry;
- Departmental Management;
- Financial Management;
- Corporate Services;
- Communications.

4.1.3 Strategic objective

- Informed and empowered communities and a responsive department.
- Compliance and good governance ensured.
- Efficient, integrated and streamlined business processes and systems.
- Strengthened human resource capability and a high performing organisation.

4.1.4 Programme One: Performance Indicators, Planned Targets and Actual Achievements

4.1.4.1 Finance

The Department is steadily improving in financial management despite the dire capacity constraints experienced throughout the financial year as manifested by:

- The attainment of a third unqualified audit opinion from the Auditor General with no material adjustments to the Annual Financial Statements;
- Exceeded the 5% under expenditure target by achieving 1.1% (R16.2 million)
- Received and processed 10, 135 invoices worth R85, 732, 591.67 within 30 days of receipt by Financial Management, whilst receiving and processing 2001 incentives claims worth R424, 656, 374.39 within 30 days of receipt.
- Achieved an average of 3.6 score on the MPAT (2017) which is an improvement from 2.56 (2016).

4.1.4.2 Corporate Services

The Department has done well in the achievement of the national targets in relation the percentage of women in senior management and the percentage of people with a disability. These two targets in the Annual Performance Plan (APP) for 2017/18 were for Corporate Services to deliver and they ensured that these targets were not only achieved but exceeded as at 31 March 2018. The Department also drove the employment of youth during the reporting period. The one national target not achieved was that of the vacancy rate below 10%.

With regard to compliance, Corporate Services has positively contributed to the Department's MPAT rating for the 2017/18 financial year through the efforts of the Human Resource Management and Development; Information and Communication Technology; and Records Management Units as it pertains to the MPAT targets for these disciplines.

The Department concluded its maiden employee satisfaction survey. Further to this, a number of operational targets articulated below have been achieved, supporting the achievement of the Department's overall mandate.

Human Resource Management and Development

The Department experienced several HR-related challenges during the 2017/18 financial year of which the most significant challenge was in respect of the Compensation Budget. The Compensation Budget simply was not sufficient to fund all required posts to have ensured delivery on the mandate of the department.

4.1.4.3 Legal Services

Legal Services ensured through the timeous and efficient provision of legal advice and the conclusion of agreements with stakeholders in terms of its Policy and Standard Operating Procedure that business continuity prevailed within the prescribed legislative and regulatory frameworks. The management of and advice regarding litigation matters minimised the financial and reputational risks for the Department by averting irregular, fruitless and wasteful expenditure.

4.1.4.4 Information and Communication Technology

The ICT Security Policy, aligned to Minimum Information and Security Standards (MISS) and the Corporate Governance of Information and Communication Technology Policy Framework (CGICTPF), was approved and implementation is on-going.

The Department migrated from a fairly unstable and cost intensive Novell Platform provided by the dti, to a Microsoft Active Directory and Exchange environment, thus improving efficiency and stability to one of its critical communication systems. Email archiving and automatic failover has been implemented to ensure service continuity.

The Department inherited some legacy end user computing equipment from the dti and replaced close to 60% of these ageing devices to improve productivity and efficiency within the Department.

Technology improvements made at Ministry and the DG's Office at Parliament and Parliament Towers respectively underpin operational productivity of these offices. The department also entered into Service Level Agreements with the State Information Technology Agency (SITA) for the provision key support services to ensure operational functionality of specific IT systems of the Department.

4.1.4.5 Security, Facilities and Auxiliary Services

The Facilities and Auxiliary Services Unit has established the DG's office that is fully operational at the Parliament Towers in Cape Town. The Relocation of Head Office to Block G has been finalised. Registry services have been introduced in the Department with a focus on the Human Resource and Financial Management Units.

The Security policy for the Department, aligned to MISS and other legislation, is in draft to be approved by the end of the first quarter of the new financial year for implementation. High security locks were installed at Ministry offices in Pretoria. Verification of the completed vetting forms for key personnel was completed for submission to SSA.

4.1.4.6 Communications and Stakeholder Management

Over the years, the Department is increasingly getting recognition of the critical role its mandate can play in bringing about radical economic transformation. More stakeholders from both the public and private sector are inviting the department to collaborate with them in providing critical information to the public on programmes that are offered by government for both start-ups as well as supporting existing businesses to expand. This has led to an increase in stakeholder engagements over the financial year under review.



In order to provide comprehensive information to the public the Department, through its portfolio approach ensured the participation of its agencies in the engagements. There were also dedicated programmes that include youth month events, international cooperatives day and entrepreneurship week events that were undertaken during this period.

4.1.4.7 Strategic Planning, Monitoring and Evaluation

The Department of Small Business Development revised the 2015-19 Strategic Plan, developed the 2018/19 Annual Performance Plan and produced the 2016/17 Annual Report according to the following legislative and regulative guidance:

- Chapter 5 and 30 on the Treasury Regulations issued in terms of the Public Finance Management Act No.1 of 1999 (PFMA) and Chapter 3 of the Public Sector Regulations and Framework for the Strategic Plans and Annual Performance Plans set out legal requirements of Strategic Plans and Annual Performance Plans.
- The Public Finance Management Act No.1 of 1999 (PFMA) gives effect to Sections in Chapter 13 of the Constitution of the Republic South Africa, that deals with the budgetary process of the national departments.
- Chapter Four of the Public Finance Management Act No.1 of 1999 (PFMA) gives effect to Section 215 of the Constitution of the Republic of South Africa on the timing and content of national and provincial budgets, and the reporting requirements that will promote greater transparency in the implementation of a budget.
- Section 215 notes that budgets and budgetary process “must promote transparency, accountability and the effective financial management of the economy, debt and the public sector”.
- The National Treasury’s Framework for the Strategic Plans and Annual Performance Plans.

Planning and Performance Reporting

The department met its reporting, planning, monitoring and evaluation obligations for the period under review in compliance with Government’s outcomes-based approach and also introduced monthly and quarterly reporting as standing items in the Executive Committee meetings to instil and encourage performance reporting in the department.

Planning

During the 2018/19 planning cycle, DSBD submitted the first draft 2018/19 Annual Performance Plan and the revised 2015 - 19 Strategic Plan to National Treasury and the Department of Planning, Monitoring and Evaluations (DPME) in August 2017 in line with the proposed shift in strategic focus recommended by National Treasury and the DPME. In November 2017, the Department submitted the 2nd Draft APP and the revised Strategic Plan to the DPME and National Treasury in line with the National Treasury Guidelines on Strategic Plans and Annual Performance Plans.

Emanating from the feedback and recommendations of the 2017 Performance Dialogue with the Department of Planning, Monitoring and Evaluation and National Treasury, the Department developed the 2018/19 APP and the revised 2015 - 19 Strategic Plan informed by and aligned to:

- The National Development Plan, which has been translated into specific indicators and targets as articulated in the 2015 – 2019 Medium Term Strategic Framework (MTSF),
- The deliverables of the Minister of Small Business Development that are linked to the MTSF Outcome 4 (Decent employment through inclusive economic growth) and Outcome 7 (Vibrant, equitable and sustainable rural communities for all),
- The feedback that the Department received from DPME and National Treasury during the 2017/18 planning cycle on the strategic focus of the Department and the reporting agencies, and
- The revised budget programme structure.

The outcome of the above process is then reflected in the form of the revised 2015-19 Strategic Plan, the approved and tabled 2018/19 Annual Performance Plan.

Performance Reporting

During the year under review the Department strengthened the performance management system. These improvements are reflected in the alignment of the 2017/18 Annual Performance Plan, Programmes' business and operational plans, and budget and demand plans.

To encourage reporting accountability, senior management resolved that there be a standing item on monthly and quarterly Executive Committee meetings where core Branches and supporting Business Units (Finance, Corporate Services and Communications and Stakeholder Management) report on monthly performance progress and consolidated quarterly performance progress, respectively. These reports were thoroughly interrogated and engagement was held amongst senior management regarding the direction of the Department's performance before the Accounting Officer can present the Department's quarterly reports to the Executive Authority, Department of Planning, Monitoring and Evaluation (DPME), Parliament or the Audit Committee.

The Department, together with its two implementing agencies, Seda and sefa, continued holding quarterly Governance Forum meetings in order to discuss matters pertaining to the achievement of the Department's mandate: performance issues, challenges affecting the successful implementation of programmes, developments in the small business and Cooperatives sector, and strategies to further strengthen the alignment of the agencies' deliverables to the mandate of the department. So far the engagements between the department and its agencies have been only positive and encouraging.

TABLE 10: PROGRAMME ONE PERFORMANCE AGAINST 2017/18 ANNUAL PERFORMANCE PLAN TARGETS

Programme One: Administration					
Strategic objectives	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
3.3: Informed and empowered communities and a responsive department.	N/A	Annual Communications Framework approved in Q4 for the following year Quarterly report on implementation of the Annual Communications Framework developed within 30 days of end of each quarter	Annual target not achieved: Annual Communications Plan was developed and reported on quarterly in the Branch report	Annual Communications Framework was not developed nor approved	The Department has developed Annual communications plan however the Annual Communications Framework was not developed nor approved
	N/A	55 facilitated interactions that deliver meaningful engagements with communities and the public	Annual target achieved: The Department facilitated 55 engagements with the communities and the public.	N/A	N/A
	12 Project profiles of the best practices	12 best practices in SMME development identified and profiled	Annual target achieved: 12 best practices in SMME development identified and profiled	N/A	N/A

Programme One: Administration						
Strategic objectives	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations	
4.1: Compliance and good governance ensured.	N/A	80% (30 of 37 standards) compliance with MPAT standards at level 3	Annual target partially achieved: MPAT self-scoring done and submitted. Preliminary report from the DPME received and Departmental challenges submitted.	MPAT process delayed due to the late publication of MPAT 1.7 standards.	The MPAT process was delayed due to the late publication of MPAT 1.7 standards. DPME system challenges delayed the finalisation of the process. Final reports expected in Q1 of the 2018/19 financial year.	
	Unqualified audit outcome for the 2015/16 financial year	Unqualified audit outcome for both financial and non-financial performance data for 2016/17	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.	N/A	N/A	
	9.2% underspending on annual budget (R121 million)	<5% 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%).	1.1%	N/A	
4.3: Efficient, integrated and streamlined business processes and systems.	98% of payments to eligible creditors processed within 30 days	100% payments to eligible creditors processed within 30 Days	Annual target achieved: From 01 April to 31 March 2018 the department has received and processed 10 135 invoices valued at R85, 732, 591.67 within 30 days.	N/A	N/A	
	N/A	1 ICT system project defined in the DSBD ICT Plan implemented	Annual target partially achieved: The Department managed to approve systems specifications and define roadmap.	Target not met due to financial constraints. However, the Department managed to approve systems specifications and define roadmap.	The allocated funds for this target were reprioritised due to budget constraints within the Department	



Programme One: Administration						
Strategic objectives	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations	
5.2: Strengthened human resource capability and a high performing organisation.	53,5% of women in SMS employed in the Department	50% of female SMS	Annual Target Exceeded: 51,3% of female SMS	1,3%	N/A	
	2,5% of people with disability employed in the Department	2% PWD employed	Annual Target Exceeded: 2,8% PWD employed	0,8%	N/A	
	9,8% vacancy rate achieved	<10% Vacancy Rate in funded posts	Annual target not achieved: 11,9% Vacancy rate achieved	1,9% Vacancy Rate on funded posts	Vacancy rate increased from 9,8% in quarter 2 and 3 to 11,9% due to the creation of 3 posts and 1 resignation.	
	N/A	Employee Satisfaction Survey conducted Improvement Plan developed	Annual target achieved: Survey conducted and report concluded.	N/A	N/A	

Programme 1: Strategy to overcome underperformance

Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
<10% Vacancy Rate in funded posts	11,9% Vacancy Rate in funded posts	The majority of vacant positions at SMS level will be prioritized and be filled during 2018/19 financial year.

Changes to planned targets

None.

Table 11: Programme 1: Linking performance with budgets

Sub- Programme Name	2017/2018			2016/17		
	Final Appropriation	Actual Expenditure	Over)/Under Expenditure	Final Appropriation	Actual Expenditure	Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Ministry	31 095	30 909	186	30 541	29 691	850
Departmental management	17 381	16 895	486	16 342	14 514	1 828
Corporate Services	46 719	45 161	1 558	39 433	33 455	5 978
Financial Management	16 584	16 281	303	16 089	14 929	1 160
Communication and Marketing	7 932	7 754	178	8 620	6 335	2 285
Total	119 711	116 999	2 712	111 025	98 925	12 100

Reasons for Variance

Administration: The Programme spent R117 million (97,7%) of the adjusted budget of R119.3 million, resulting in a variance of R2.7 million (2,3%).

With the allocated resources Programme One spent R18.9 million on operating leases for office accommodation, leased vehicles and printing machines, R5 million on computer services, desktop services provided by SITA, Logis and Persal mainframe and the Microsoft licences, R3.3 million on regulatory audit fees by the Auditor General, as well as R10.7 million for travel and subsistence on official trips.

4.2. PROGRAMME TWO: SMMES AND COOPERATIVES POLICY AND RESEARCH**4.2.1 PURPOSE**

The purpose of Programme Two is to formulate policy and conduct research for the development and growth of sustainable small businesses and Cooperatives that contribute to the creation of employment and economic growth.

4.2.2 SUB-PROGRAMMES

Programme 2 is divided into the following sub-programmes:

- Policy and Research
- Sectoral Monitoring and Evaluation
- International Relations

4.2.3 STRATEGIC OBJECTIVES

The strategic objectives of Programme Three are as follows:

- Reduced regulatory burdens and a conducive legislative and policy environment for SMME's and Co-operatives.
- A comprehensive research agenda on key areas of support for SMME's and Co-operatives implemented.
- Strengthened efforts to place SMME's at the centre of the economic diplomacy agenda.
- Demonstrated progress towards sector-wide SMMEs and co-operatives support achieving its intended socio-economic impact.

4.2.4 PROGRAMME TWO: PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

Table 12: Programme Two – Performance Against 2017/18 Annual Performance Plan Targets

Programme Two: SMMEs and Cooperatives Policy and Research									
Performance Indicator	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations		
Number of municipalities assisted to roll out SMMEs and Cooperatives Red-Tape Reduction Programme per year	N/A	N/A	N/A	8 municipalities assisted to roll out SMMEs and Cooperatives Red-Tape Reduction Programme	Annual target exceeded: 42 municipalities assisted in 12 workshops to roll out SMMEs and Cooperatives Red-Tape Reduction Programme	34 more municipalities assisted to roll out SMMEs and Cooperatives Red-Tape Reduction Programme	Closer collaboration with provinces and district municipalities resulted in the identification and participation of more municipalities than initially targeted		
Number of Municipal Action Plans on SMMEs and Cooperatives red tape reduction assessed	N/A	N/A	N/A	2 Municipal Action Plans on SMMEs and Cooperatives red tape reduction assessed	Annual target achieved : 2 Municipal action plans on red tape reduction assessed with findings and recommendations (Ephraim Mogale and Elias Motsoaledi LM)	N/A	N/A		
Number of research reports on legislative and regulatory protocols impeding SMMEs and Co-ops produced	N/A	N/A	The research report on legislative and regulatory protocols impeding SMMEs and cooperative was concluded	1 Research Report on Provincial legislative and regulatory protocols impeding SMMEs and Co-ops produced	Annual target achieved: 1 Research Report on Provincial legislative and regulatory protocols impeding SMMEs and Co-ops produced	N/A	N/A		

Programme Two: SMMEs and Cooperatives Policy and Research							
Performance Indicator	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
Number of National business processes and procedures analysed and redesigned per annum	N/A	N/A	N/A	4 National business processes and procedures analysed and redesigned per annum	Annual target not achieved: The target was approved for deferral to next financial year	After engagements with GTAC it was discovered that the redesign of processes and procedures were too expensive and the department could not do the redesign on its own and requires cooperation with the affected institutions	The lack of adequate funding resulted in the target not being met.
Number of Local business processes and procedures analysed and redesigned per annum	N/A	N/A	N/A	5 Local business processes and procedures analysed and redesigned per annum	Annual target not achieved The Department analysed and re-engineered one (1) business registration process in 4 municipalities in the Vhembe District	Four (4) Business Registration processes not analysed and re-engineered in municipalities as planned in the 2017/18 Annual Performance Plan	The Department did not fully achieve on this target given the financial constraints experienced by the Department in the 2017/18 Financial Year. The Department requested a deferral on this target in which four (4) business registration procedures will be analysed in the 2018/19 financial year.



Programme Two: SMMEs and Cooperatives Policy and Research							
Performance Indicator	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
Submission of the amendment of the National Small Business Bill into the legislative process	N/A	N/A	Two stakeholder consultation workshops on the NSBA were successfully hosted. A consolidate report on proposed areas of amendment was produced and submitted to the Minister for consideration.	National Small Business Amendment Bill developed and submitted to Minister for approval	Annual target not achieved: The Bill was not developed and submitted to Minister for approval	The Bill was not developed and submitted to the Minister	Following discussions with the dti's State Law Attorney, it was communicated that the DSBD seems to be amending the Principle Act, meaning that the DSBD should rather be drafting a new Bill. It was also communicated that the process will take longer than anticipated by both the dti and OCSLA.

Programme Two: SMMEs and Cooperatives Policy and Research								
Performance Indicator	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations	
Revised Strategy on the Promotion of Entrepreneurship and Small Enterprises, submitted for Cabinet approval (in 2018/19)	N/A	N/A	N/A	Outcome Report on Evaluation, articulating findings and recommendations for revision in 2018/19	Annual target achieved: Outcome Report on Evaluation, articulating findings and recommendations was presented to and approved by EXCO on 26 March 2018. The findings will be submitted to Cabinet for approval since the intervention stems from the National Evaluation plan which was approved in 2016.	N/A	N/A	
Revised Co-operatives Strategy, submitted for Minister approval (in 2018/19)	N/A	N/A	N/A	Outcome Report on Midterm Review of the Co-operatives Strategy, articulating findings and recommendations for revision in 2018/19	Annual target partially achieved: Stakeholder consultations were conducted in Q1 and Q2 2017/18 and stakeholder consultation reports were produced	Outcome Report not submitted for approval to EXCO, however, stakeholder consultations were conducted in Q1 and Q2 2017/18 and stakeholder consultation reports were produced.	There were delays in the in-year implementation of this target relating to the appointment of services provider. And thus, the target could not be implemented as the allocated budget was depleted by the time the procurement process to secure a service provider, was finalised.	



Programme Two: SMMEs and Cooperatives Policy and Research

Performance Indicator	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
Approved annual sectoral research plan implemented	N/A	N/A	N/A	Annual assessment on implementation of 2017/18 plan conducted in Q4 2018/19 plan approved by EXCO in Q4	Annual target achieved: Annual assessment on implementation of 2017/18 plan conducted in Q4 2017/18. 2018/19 plan approved by EXCO in Q4 2017/18.	N/A	N/A
Number of Research reports on SMMEs and Co-operatives key areas of support approved	N/A	N/A	One key area for research that was identified is: 1. The SMME Eco –system. The research was not finalised. A draft report was received by the end of the financial year. 2. The Research report on the SMME Definition has been finalised.	4 Research reports on SMMEs and Co-operatives key areas of support approved	Annual target achieved: 4 Research report on Ecosystem; Comparative Analysis Study; Business Rescue ; and 2016 Annual Review are produced and approved	N/A	N/A

Programme Two: SMMEs and Cooperatives Policy and Research							
Performance Indicator	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
Number of sector strategic frameworks for SMMEs and Co-ops, approved per annum	N/A	N/A	N/A	1 (1 of 8) sector strategic framework for SMMEs and Co-ops, approved	Annual target not achieved: One sector strategic framework for SMMEs and Co-ops was not approved during the 2017/18 financial year	1 (1 of 8) sector strategic framework for SMMEs and Co-ops was not approved during the 2017/18 financial year	Due to human capacity constraints, the procurement process could not be finalised on time to enable the implementation of the target on time. The Bid Adjudication Committee to approve tenders was held on the 1st February 2018 and determined that the Sector Strategic Framework Bid be re-advertised. Given this recommendation, this annual target will be carried over to the 2018/19 financial year.
Submission of National Incubation Policy Framework for approval by relevant structures	N/A	N/A	N/A	National Incubation Policy Framework submitted to EXCO for approval	Annual target not achieved: The National Incubation Policy Framework was not submitted to EXCO for approval by the end of the financial year	The National Incubation Policy Framework was not submitted to EXCO for approval	The literature review and the TOR was finalised and submitted by Quarter 2 for submission through the procurement process as per the quarterly targets set out for 2017/18 However, the target was not achieved due to the delay in the finalisation of the procurement process.



Programme Two: SMMEs and Cooperatives Policy and Research

Performance Indicator	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
Number of differentiated plans for district rural municipalities developed per annum	N/A	N/A	N/A	1 differentiated plan for district rural municipality developed	Annual target achieved: 1 differentiated plan developed and presented at Exco	N/A	N/A
Number of regional pilot profiles produced per annum	N/A	N/A	N/A	1 regional pilot profile produced	Annual target achieved: Regional pilot profile produced and presented to Exco	N/A	N/A
Approved Annual International Relations strategy, to advance SA trade positions and mandates that will promote investments and growth of SMMEs and Cooperatives, implemented	N/A	N/A	The department's international Relations Strategy	Multi-year Strategy on International Relations, to advance SA trade positions and mandates that will promote investments and growth of SMMEs and Cooperatives, submitted to Minister for approval 2018/19	Annual target partially achieved: Multi-year Strategy on International Relations, to advance SA trade positions and mandates was not approved by the Minister. The strategy will be commissioned in 2018/19. The 2018/19 International relations programme prepared for presentation to MINEXCO on 16 March 2018	The Department produced a Multi-Year Strategy on International Relations, however the Minister recommended a different approach to the strategy and commission on the Strategy will be undertaken in the 2018/19 financial year. Quarterly progress report on implementation of IR programme developed and submitted 2018/19 International Relations programme not approved yet.	The Unit has engaged with other government entities to support the Unit with the development of the strategy and the Terms of Reference have been discussed with the Government Technical Advisory Council (GTAC).

Programme Two: SMMEs and Cooperatives Policy and Research							
Performance Indicator	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
Number of Sector-wide Procurement Trend Analysis, conducted per annum (Including: SMMEs and Co-ops registered; accessing the 30% set aside; Township procurement; Enterprise sustainability over 1 year)	N/A	N/A	N/A	Development of monitoring framework with reporting templates	Annual target partially achieved: A monitoring framework was developed	A monitoring tool was developed. National Treasury was consulted and resolved that DSBD would need to analyse its quarterly reports drawn from the Central Supplier Database (CSD) in order to analyse trends on procurement and a measure could be developed to assist departments that procure below the minimum threshold of 30%.	The Department did not sufficiently and realistically plan and allocate human and financial resources to implement and achieve this target.



Programme Two: SMEs and Cooperatives Policy and Research							
Performance Indicator	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
Number of Sector-wide Trend Analysis on growth in the sector and targeted groups benefiting from SMEs and Co-ops support interventions, conducted per annum (Including progress towards: Women beneficiaries (50%); Youth beneficiaries (30%); PWD beneficiaries (2%); Rural beneficiaries (30%); Township beneficiaries (50%))	N/A	N/A	N/A	Analysis criteria on SMEs and cooperatives sector support interventions and effects on growth and sustainability of beneficiaries	Annual target partially achieved: Data collection tools were produced.	Data collection tools were produced, however, the full annual target was not achieved due to lack of human and financial capacity within the department	The Department did not sufficiently and realistically plan and allocate human and financial resources to implement and achieve this target.

4.2.5 STRATEGIES TO OVERCOME AREAS OF NON-PERFORMANCE

Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
4 National business processes and procedures analysed and redesigned per annum	The submission to defer the target to the next financial year was supported by the Minister and was signed on 7 December 2017	After engagements with GTAC it was discovered that the redesign of processes and procedures was too expensive and the department could not do the redesign on its own and requires cooperation with the affected institution and therefore the redesign must involve the affected institution from conceptualisation as some processes affect their operational and financial resources.
National Small Business Amendment Bill developed and submitted to Minister for approval	Annual target not achieved	Work streams have been established through the Office of the Director-General to finalise the draft amendment and update the project plan.
Outcome Report on Mid-term Review of the Co-operatives Strategy, articulating findings and recommendations for revision in 2018/19	Annual target not achieved	Appointment of services provider could not be finalised on time and the target could not be implemented as the budget was depleted by the time the procurement was finalised. This will be prioritised in the 2018/19 financial year.
1 (1 of 8) sector strategic framework for SMMES and Co-ops, approved	1 Sector Strategic framework not developed and approved	The Bids Adjudication Committee to approve tenders was held on the 1st February 2018 and determined that the Sector Strategic Framework Bid be re-advertised. Given this recommendation, this target will be carried over to the 2018/19 financial year.
National Incubation Policy Framework submitted to Exco for approval	Annual target not achieved	The process was only finalised in quarter 4, however the service provider was not appointed as the budget was depleted.
Development of monitoring framework with reporting templates	The monitoring framework with reporting templates was not developed. The data collection tools were presented at Management Committee on 15 March 2018.	Lack of capacity in the Department to deliver on this target but the department was able to conclude a memorandum of agreement in March 2017 with National Treasury to enable the department to have access to the information from the CSD, which will enable the department to develop a monitoring framework.

4.2.6 CHANGES TO PLANNED TARGETS

None.

Table 13: Programme Two: Linking performance to budgets

Sub- Programme Name	2017/2018			2016/17		
	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
Policy, Research and Legislation	11 388	10 823	565	23 756	13 645	10 111
Monitoring and Evaluation	2 085	2 079	6	2 079	204	1 875



Sub- Programme Name	2017/2018			2016/17		
	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
International Relations	3 851	3 846	5	-	-	-
Total	17, 324	16, 748	576	25, 835	13, 849	11, 987

Reasons for variance

The Programme spent R16.7 million (96,7%) of the adjusted budget of R17.3 million, resulting in an under expenditure of R576 thousand (3,3%).

Under expenditure occurred largely on Compensation of Employees due to vacant posts.

4.3 PROGRAMME THREE: SMMEs AND COOPERATIVES PROGRAMME DESIGN AND SUPPORT

4.3.1 PURPOSE

The purpose of Programme 3: SMMEs and Cooperatives Design and Support is to support the development and growth of small businesses through designing financial and non-financial business development support programmes and interventions.

4.3.2 LIST OF SUB-PROGRAMMES

Programme Three has five sub-programmes, namely:

- Cooperatives Development Support;
- Competitiveness Support;
- Enterprise Development;
- Market Development and Stakeholder Relations; and
- Development Finance.

4.3.3 STRATEGIC OBJECTIVES

- An integrated approach to planning, monitoring and evaluation of the SMMEs and co-operatives sector, to inform policy decision making.
- Oversight and coordination of the design and implementation of targeted financial support programmes to support new and existing SMMEs and co-operatives.
- Oversight and coordination of the design and implementation of targeted non-financial support programmes to support new and existing SMMEs and co-operatives.
- Equitable and accessible SMME and co-operatives support services nationwide.
- Sustainable partnerships to support the SMME and co-operatives development agenda.
- Sound institutional governance and oversight of the Small Business Development Portfolio.
- Coordinated development of the skills pool across the sector.

4.3.4 PROGRAMME PERFORMANCE INFORMATION: ACHIEVEMENTS

Table 14: Programme three performance against 2016/17 annual performance plan targets

Programme Three: SMMEs and Cooperatives Programme Design and Support							
Performance Indicators	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
DG Committee on the 9 Point Plan and SMMEs and Co-ops Sector convened	N/A	N/A	N/A	Two (2) DG Committees on the government support to the 9 Point Plan initiatives convened per annum to report on other departments' non-financial and financial support to SMMEs and Cooperatives	Annual target achieved: Four DG Committee meetings on the 9 Point Plan convened	N/A	N/A
Number of Sector Stakeholder Forums convened	N/A	N/A	N/A	Four stakeholder forums conducted per annum.	Annual target achieved: Four stakeholder forums convened to-date.	N/A	N/A
Number of IGR Forums convened	N/A	N/A	N/A	Four (4) IGR Forums conducted per annum	Annual target achieved: Four Inter-Governmental Relations Forums convened to-date.	N/A	N/A



Programme Three: SMMEs and Cooperatives Programme Design and Support							
Performance Indicators	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
Annual programme evaluation report on the planning, design and implementation of DSBD and Entity SMME and Co-operatives financial support programmes	N/A	N/A	N/A	Annual programme evaluation report on selected financial support programmes produced in Q4	Annual target not Achieved: Annual programme evaluation report on selected financial support programmes not produced by Q4 2017/18.	Annual programme evaluation report on selected financial support programmes not produced by Q4 2017/18.	The Department did not manage to further evaluate whether the programme was producing the intended impact of job creation and reducing unemployment. There were a number of flaws that emerged in the processes and procedures of the programme during the evaluation exercise.
Implementation of a revised financial products and services business architecture for the SBD Portfolio	N/A	N/A	N/A	Review and enhancement of the financial products and services business architecture of the SBD Portfolio completed	Annual target achieved: Review and enhancement of the financial products and services business architecture of the SBD Portfolio completed	N/A	N/A

Programme Three: SMMEs and Cooperatives Programme Design and Support							
Performance Indicators	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
Number of Informal Business Infrastructure partnership agreements secured	N/A	N/A	Six informal business infrastructure projects were approved. The six projects are Matsila Trust, Mnambithi, Inqguza Hill, Makhado, and Greater Taung.	Six Informal Business Infrastructure partnership agreements secured	Annual target exceeded: Achievement is these seven (7) local municipalities and one Development Trust: Inqcuza Hill; MosselBay; Makhado; Greater Taung; Alfred Duma; Stellenbosch; and Matsila Development Trust	One more informal business infrastructure partnership agreement was secured	By Quarter 3 2017/18 the Department had secured partnership agreements for R27 million of the R32 million projected budget. The Department secured an additional agreement (Stellenbosch Local Municipality) in order to cover for the projected budget of R32 million for 2017/18 financial year.
Number of black SMMEs supported through the BBSDP	N/A	N/A	589 Small and Medium enterprises supported through the BBSDP	641 black SMMEs supported through the BBSDP	Annual target partially achieved: 508 Black SMMEs supported through BBSDP	508 black SMMEs supported through the BBSDP. 123 small business projects were not approved.	The allocated budget was exhausted due to the high value claims paid out during the financial year.
Number of Co-operatives supported financially through the CIS	N/A	N/A	240 Cooperatives supported through the CIS	270 Co-operatives supported financially through the CIS	Annual Target Partially Achieved: 265 cooperatives incentive scheme applications were approved by the end of the financial year.	Five cooperatives incentive scheme applications were not approved by the end of the financial year.	There is a shortfall of five applications for the year end 31 March 2018 since an amount of R8 million was transferred from the CIS budget and more applications could not be processed to cover the said amount



Programme Three: SMMEs and Cooperatives Programme Design and Support

Performance Indicators	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
Annual programme evaluation report on the planning, design and implementation of DSBD and Entity SMME and Co-operatives non-financial support programmes	N/A	N/A	N/A	Annual programme evaluation report on selected non-financial support programmes produced in Q4	Annual target achieved: Annual programme evaluation report on selected non-financial support programmes produced in Q4 2017/18	N/A	N/A
Implementation of a revised non-financial products and services business architecture for the SBD Portfolio	N/A	N/A	N/A	Review and enhancement of the non-financial products and services business architecture of the SBD Portfolio completed	Annual target achieved: Review and enhancement of the non-financial products and services business architecture of the SBD Portfolio completed	N/A	N/A
Number of Informal businesses supported through the IMEDP	N/A	N/A	7, 848 informal business supported through the IMEDP	1696 Informal businesses supported through the IMEDP	Annual target not achieved: 570 Informal businesses supported through the IMEDP	1126 Informal businesses could not be supported through the IMEDP	The Department experienced challenges with programme implementation and transferred part of the implementation to the Small Enterprise Development Agency (Seda)

Programme Three: SMMEs and Cooperatives Programme Design and Support							
Performance Indicators	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
Number of Co-operatives supported through training (Linked to CIS)	N/A	N/A	271 cooperatives supported through training	270 Co-operatives supported through training (Linked to CIS)	Annual target exceeded: 303 Co-operatives supported through training (Linked to CIS)	33 more cooperatives were supported through training linked to the Cooperatives Incentive Scheme	The Department partnered with the Small Business Development Agency and local governments, and in doing so, the Department managed to train more than the planned target.
Number of co-location partnership agreements secured to increase access to SMMEs and Cooperatives support services in historically disadvantaged communities	N/A	N/A	The national co-location programme concept document and implementation plan were approved	15 co-location point partnership agreements secured to increase access to SMMEs and Cooperatives support services in historically disadvantaged communities	Annual target not achieved: 8 Formal Co-location point partnership agreements and several letters secured to increase access to SMMEs and Cooperatives support services in historically disadvantaged communities	Seven co-location point partnership agreements not secured in order to fully achieve on the planned annual target.	The entities and municipalities provided letters instead of partnership agreements as proof of co-location agreements established. Although the key objectives are still to be achieved in such arrangements, the Department's TIDs define agreements as proof of evidence
Number of quarterly analysis reports on SBD entity performance regarding progress in terms of the MTSF equity targets	N/A	N/A	N/A	3 Quarterly analysis reports on SBD entity performance regarding progress in terms of the MTSF equity targets	Annual target not achieved: 1 quarterly report for the portfolio on equity targets and Equity targets are reflected in the entities quarterly reports	Two Quarterly analysis reports on SBD entity performance regarding progress in terms of the MTSF equity targets were not produced	The Department did not sufficiently and realistically plan and allocate human and financial resources to implement and achieve this target.



Programme Three: SMMEs and Cooperatives Programme Design and Support

Performance Indicators	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
R Value of resources leveraged through partnerships with sector stakeholders per annum	N/A	N/A	N/A	R10 million	Annual target exceeded: Partnerships signed and the value of the agreements is as follows: Services SETA R1.5 billion	The annual target was exceeded by R1.49 billion of investment secured through various projects to be implemented through the Entrepreneurship and Cooperatives Development Institute (ECDI) launched by Services SETA.	The Department received an investment commitment from Services SETA to the amount of R1.5 billion for the Entrepreneurship and Cooperative Development Institute (ECDI). The Services SETA, DSBD, Small enterprise Finance Agency (Seda) and the Small Enterprise Finance Agency (sefa) signed a Memorandum of Understanding in order to pursue respective and common goals and objectives in entrepreneurship and cooperatives development.
Annual approval of Seda Shareholder compact secured and aligned to mandate of the department	N/A	N/A	N/A	2018/19 Seda Shareholder Compact approved and aligned to mandate of the department	Annual target achieved: 2018/19 Seda Shareholder Compact approved and aligned to mandate of the department	N/A	N/A

Programme Three: SMMEs and Cooperatives Programme Design and Support								
Performance Indicators	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations	
Annual approval of sefa Shareholder compact secured and aligned to mandate of the department	N/A	N/A	N/A	2018/19 sefa Shareholder Compact approved and aligned to mandate of the department	Annual target achieved: 2018/19 sefa Shareholder Compact approved and aligned to mandate of the department	N/A	N/A	
Number of Seda Quarterly Performance Reports analysed for progress and alignment to achievement of department's objectives	N/A	N/A	N/A	4 Seda Quarterly Performance Reports analysed for progress and alignment to achievement of department's objectives	Annual target achieved: 4 Seda Quarterly Performance Reports analysed for progress and alignment to achievement of department's objectives	N/A	N/A	
Number of sefa Quarterly Performance Reports analysed for progress and alignment to achievement of department's objectives	N/A	N/A	N/A	4 sefa Quarterly Performance Reports analysed for progress and alignment to achievement of department's objectives	Annual target achieved: 4 Sefa Quarterly Performance Reports analysed for progress and alignment to achievement of department's objectives	N/A	N/A	



Programme Three: SMEs and Cooperatives Programme Design and Support								
Performance Indicators	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations	
Seda Annual Report analysed for progress and alignment to the achievement of department's objectives	N/A	N/A	N/A	Seda 2016/17 Annual Report analysed for progress and alignment to achievement of department's objectives	Annual target achieved: Seda 2016/17 Annual Report analysed for progress and alignment to achievement of department's objectives	N/A	N/A	
sefa Annual Report analysed for progress and alignment to the achievement of department's objectives	N/A	N/A	N/A	sefa 2016/17 Annual Report analysed for progress and alignment to achievement of department's objectives	Annual target achieved: sefa 2016/17 Annual Report analysed for progress and alignment to achievement of department's objectives	N/A	N/A	

Programme Three: SMEs and Cooperatives Programme Design and Support							
Performance Indicators	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
Number of Annual Sector skills plans assessed	N/A	N/A	N/A	15 Annual Sector skills plans assessed	Annual target partially achieved: 15 Sector skills plans assessed and report produced	Although 15 Annual Sector skills plans were assessed, no recommendations and inputs were provided to the document owners.	The Department under-estimated the magnitude of assessing 15 Sector Skills plans as a new target, and therefore the final report was only concluded and presented to MANCO only in March 2018 and thus engagement and inputs to document owners was not provided by the end of the 2017/18 period. The key intention of conducting the sector skills plans assessments was, however, for the Department to derive value out of the plans and locate areas of partnerships within different SETAs for the implementation of the Department's mandate.



Programme Three: SMEs and Cooperatives Programme Design and Support							
Performance Indicators	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from planned target to Actual Achievement for 2017/18	Comment on deviations
Annual round table meeting between Minister and educational institutions to influence the curriculum, to include entrepreneurship, convened	N/A	N/A	N/A	1 Annual round table meeting between Minister and educational institutions to influence the curriculum, to include entrepreneurship, convened	Annual target achieved: Annual round table meeting between Minister and educational institutions was held during the first quarter of the 2017/18 financial year	N/A	N/A
Number of sector skills partnership agreements signed	N/A	N/A	N/A	Secure commitment from 1 funder to finance the training packages	Annual target achieved: Quadrupartite MOU between DSBD, Services Seta, Seda and sefa finalised (signed by all parties).	N/A	N/A
Number of exchange programmes facilitated	N/A	N/A	N/A	Identification of participants and secure agreements	Annual target achieved: This annual deliverable was met through the CISMEF intervention. However, no additional agreement was secured for 2018/19 as per the quarter 4 target.	N/A	N/A

4.3.5 STRATEGIES TO ADDRESS UNDER-PERFORMANCE

Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
641 black SMMEs supported through the BBSDP	Annual target not achieved	The Department will sufficiently plan for the implementation of this programme in terms of the allocated budget for the support of black business suppliers

The Department will finalise the migration of some of the programmes to the agencies. Two of these, Enterprise Incubation Programme (EIP), Informal and Micro Enterprise Development Programme (IMEDP) are already being implemented at Seda with EIP earmarked for full migration during the 2018/19 financial year.

4.3.6 CHANGES TO PLANNED TARGETS

None

4.3.7 LINKING PERFORMANCE TO BUDGETS

Table 15: Linking performance to budgets

Sub- Programme Name	2017/2018			2016/17		
	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
Competitiveness Support	47 935	40 196	7 739	68 024	11 991	56 033
Enterprise Development	845 151	845 037	114	690 246	689 920	326
Cooperatives Development	9 766	9 754	12	5 749	5 447	302
Market Development	82 295	77 340	4 955	49 489	20 940	28 549
Small Medium and Micro Enterprises Development Finance	353 488	353 410	78	368 071	355 970	12 101
TOTAL	1, 338, 635	1, 325, 737	12, 898	1, 181, 579	1, 084, 267	97, 312

Reasons for Variance

Expenditure for Programme Three was R1.3 billion (99%) of the R1.3 billion adjusted budget, resulting in an under expenditure of R12.9 million (1%).

The under expenditure occurred largely on transfers as listed here below:

SEIF (R7.4 million): The Makhado Municipality tranche worth R4.8 million could not be processed before the end of the financial year as the agreement was finalised during the third (3rd) quarter, which resulted in the first (1st) tranche only being disbursed in the fourth (4th) quarter. The Stellenbosch Municipality tranche worth R3 million could also not be processed as project start date was also delayed.

BBSDP (R7, 000): The allocated budget has been exhausted. The remaining R7, 000 was insufficient for any BBSDP claim as the lowest claim on hand is R10, 500 for the network facilitators.



EIP (R4.9 million): Underperformance as the Department could not disburse three (3) payments amounting to R4.8 million as follows: two existing incubators (Nunnovation/ Steelbest) and one new incubator (Nwanedi New Generation) as a result of slow progress on the project and non-compliance to the scheme guidelines.

5. TRANSFER PAYMENTS

Table 16: 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
Small Enterprise Development Agency	Business registrations; Business planning; Business advice, counselling and training; Facilitation of access to finance; Facilitation of access to markets; Cooperative support; Business Incubation; Targeted small enterprise training	619 766	575 766	To be provided in the Seda Annual Report 2017/18
Seda Technology Programme	Access to technology	161 146	146 146	To be provided in the Seda Annual Report 2017/18
Seda: Capacity building programme for Economic Development	Provided in Seda's 2017/18 APP	30 389	30 389	To be provided in the Seda Annual Report 2017/18
Total		811 301	752 301	

Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2017 to 31 March 2018

Table 17: Transfer payments to public entities

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Industrial Development Corporation: Craft-customised Sector Programme (IDC CSP)	Public corporation	SMMEs development and support	yes	10 000	10 000	
Black Business Supplier Development Programme (BBSDP)	Private enterprises	Incentive - SMMEs development	N/A	256 743	256 743	

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Cooperatives Incentive Scheme (CIS)	Private enterprises	Incentive – Cooperatives development	N/A	70 695	70 695	
National Informal Business Upliftment Scheme (NIBUS)	Private enterprises and Public corporations	Incentive – Provision of infrastructure and equipment	N/A	26 422	26 422	
Enterprise Incubation Programme (EIP)	Private enterprises	Incentive	N/A	70 600	70 600	
TOTAL				434, 460	434, 460	

6. CONDITIONAL GRANTS

Conditional grants and earmarked funds paid

Not applicable to the Department of Small Business Development.

Earmarked funds received

The Department of Small Business Development did not receive earmarked funds structured as part of Vote 31.

7. DONOR FUNDS

The Department received donor funds from the African Development Bank of Southern Africa to support the Enterprise Development Pilot Project for Local Economic Development (LED).

Table 18: Donor Funds

Name of donor	African Development Bank of South Africa
Full amount of the funding	R413, 000.00
Period of the commitment	
Purpose of the funding	Enterprise Development Pilot Project for Local Economic Development support
Expected outputs	Socio-Economic profiling of 6 mining district municipalities
Actual outputs achieved	Advertising of the Expression of Interest and Shortlisting of suitable service provider
Amount received in current period (R'000)	R221, 000.00
Amount spent by the department (R'000)	R68, 285.00
Reasons for the funds unspent	Awaiting a No Objection letter from Afdb to proceed and appoint
Monitoring mechanism by the donor	



8. CAPITAL INVESTMENT

8.1 CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

Progress made on implementing the capital, investment and asset management plan. Procurement of furniture and ICT replacement equipment was implemented as directed by Corporate Services.

Details as to how asset holdings have changed over the period under review, including information on disposals, scrapping and loss due to theft. ICT assets (equipment) that were identified as redundant and obsolete were crushed as per the recommendation of the Disposal Committee and a certificate of destruction was obtained.

Measures taken to ensure that the department's asset register remained up-to-date during the period under review. Monthly reconciliations are done and all transactions relating to assets are monitored through the Trial Balance and BAS Expenditure Reports to identify any misallocations. In addition asset verification is conducted quarterly to ensure that all assets are accounted for and any movement and additions are corrected on the asset register.

Movement forms have been introduced to ensure that assets that moves between officials are also accounted for. The current state of the department's capital assets, for example what percentage is in good, fair or bad condition.

The asset register state is as follows:

Table 19: Asset Register

Condition	Major		Minor	
	Count	Percentage	Count	Percentage
Good	490	84.34%	328	93.40%
Fair	56	9.64%	17	4.90%
Poor	35	6.02%	6	1.70%
Total	581	100.00%	351	100.00%



PART C: GOVERNANCE



1. INTRODUCTION

The Department is committed to maintain the highest standards of governance in the management of public finances and resources. Hence, the Department set a target to achieve Level 3 (compliant) in respect of all areas measured by the Management Performance Assessment Tool (MPAT).

2. RISK MANAGEMENT

The Department has appointed Manager responsible for Risk and Ethics Management. The Department has reviewed and approved the Risk and Ethics Management Implementation Plan, Risk and Ethics Management Charter and the Risk and Ethics Management Annual Awareness Plan for 2018/19 financial year.

The Department has appointed Risk and Ethics Management Committee Members, three of which are external members. The Department has also appointed Risk Champions within the Branches.

Furthermore, both Risk and Ethics Management Committee 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.

However, there are significant challenges in this function. Firstly, the overall risk maturity level in the department is low and generally managers do not fully grasp their responsibility for managing and mitigating risk. Secondly, the Risk and Ethics function is a sub-directorate with limited strategic and leadership capability or the capacity promote a risk culture in the Department.

3. FRAUD AND CORRUPTION

The Department has reviewed and approved the Fraud Prevention, Anti-Corruption and Whistle Blowing Implementation Plan.

The Department launched the National Anti-Corruption Hotline Number together with Public Service Commission and adopted a zero-tolerance stance against fraud and corruption. The National Anti-Corruption Line administered by Public Service Commission, 0800 701 701.

4. MINIMISING CONFLICT OF INTEREST

All member of the SMS are expected to disclose their business interests on an annual basis via an e-disclosure system, in terms of the Public Service Regulations (PSR), as amended. To this end, the Department is pleased to report 100% compliance with prescripts on SMS financial disclosures in 2017/18.

Furthermore, the Department ensures that disclosure of interest is declared all meetings.

In its effort to minimise conflict of interest, all non-SMS officials are required, by law and in terms of the Departmental policy, to obtain approval from the Accounting Officer prior to conducting other work outside the public service on an annual basis.

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

In ensuring compliance to the Occupational Health and Safety (OHS) Act, the Prestige Unit of the Department of Public Works (DPW) ensures that all fire equipment is installed and serviced timeously. First Aiders and Fire Fighters/Marshals have been appointed trained for Parliament and Parliament Towers in Cape Town. Two First Aid Boxes have been provided and a Fire Drill for first quarter of 2018/19. First Aiders, SHE Representatives, Wellness Buddies and Fire Fighters/Marshals have been appointed and trained, furthermore four First Aid Boxes have been procured and fire drill conducted for Pretoria offices.

In Pretoria, the owner of the property, Delta Property Fund, ensures that all fire equipment is installed and serviced timeously for Block G on **the dti** Campus where DSBD is housed.

An OHS Committee (OHS Role Players) has been established and meets quarterly. OHS, Basic Conditions of Employment Act and Summary of the Employment Equity Act posters have been procured and mounted. An OHS Policy Statement has been approved and a Disaster Management Plan/Contingency Plan has been developed in conjunction with the Tshwane Municipality and is due to be approved by the DG. Fire drill awareness session have been scheduled for quarter one of 2018/19. OHS Role Players contact list and emergency telephone list have been created and made accessible to all employees. The DG approved the request to release employees when there is no water for three or more consecutive hours in the building.

The access control system is managed and maintained by the Landlord (**the dti**). The Security Management Unit facilitates the process between **the dti** and DSBD. Permanent staff, contract workers and other workers (such as interns) are registered on the system in order to gain access or exit. Upon exit from the employ of the department, HR, ICT, Asset Management, Security Management and Facilities Management ensures that all allocated resources are returned.

Safes, steel cabinets, zipples have been provided to ensure that files are kept safe in lockable spaces. Temporary Registry spaces have been allocated for Human Resources and Finance. Storerooms have been allocated for Supply Chain Management (SCM) and ICT to ensure that the DSBD assets are kept in lockable spaces.

Cleaning services as provided by the Landlord (**the dti**) ensures that all offices and designated areas are safe and clean daily so as to provide a habitable environment for the DSBD employees at Block G.

7. PORTFOLIO COMMITTEES

The Department strived to fully comply with the expectations as published in the Quarterly Programmes of the Portfolio Committee on Small Business Development, so as to enable the Committee to exercise effective oversight over the department's efforts to achieve government priorities and outcomes

The Portfolio Committee focused on:

- The impact of the Department on the lives and business enterprises of its clients and stakeholders. In particular, the Committee focused on the extent to which grants and incentives addressed the triple threats of poverty, unemployment and inequality amongst black women, the youth and persons with disabilities.
- The revitalisation of the township economies and the rural economies.
- The impact of the DSBD investments on cooperatives and the ability to galvanise and use the cooperatives as a vehicle for collective economic empowerment
- The delay in the finalisation of the review of the Small Business Act
- Interventions to limit the negative impact of red tape on the SMMEs and cooperatives
- Monitoring and evaluating the whole of government in fulfilling their functions and objectives with respect to SMMEs and cooperatives



The Department responded by:

- Focusing on restructuring the way in which the grants and incentives are administered and monitored
- Setting fixed targets in respect of the values of its interventions which would favour women, youth, informal businesses, persons with disabilities as well as businesses located in the rural and township areas.
- Expediting the finalisation of the outstanding legislation including the submission of a detailed project plan relating to the review of the Small Business Act.
- Convening interdepartmental and interprovincial Committees as they relate to the monitoring of the implementation of the 30% set-aside pronouncements
- Finalisation of the departmental structure.

The Department also briefed the Select Committee on Appropriations on its 2016/17 Annual Report; and, the Select Committee on Economic and Business Development on the Strategic Plan and Annual Performance Plan.

8. GOVERNANCE FORUM WITH ENTITIES

In terms of its own oversight functions, the Department has a functional Governance Forum with Entities. The purpose of the Forum's Quarterly meeting convened by the Accounting Officer/Director-General (DG) with the Chief Executive Officers (CEOs) of public entities reporting to the Minister of Small Business Development, as the Executive Authority, is to:

Imbue the Small Business Development Portfolio with shared sense of purpose, vision and professionalism.

Consider matters for the attention of the Minister and of mutual interest.

Establish, guide and receive reports from Technical Working Committees or Workstreams in areas such as Research, Shared Services, Communications and International Relations.

The Terms of Reference of the Governance Forum provides for the consideration of quarterly performance reports, exploring matters of common interest and matters which need to be elevated to the Executive Authority. Hence, with effect from quarter three, the Governance Forum tabled formal reports and strongly influenced the agendas of the quarterly meetings between the Executive and Accounting Authorities.

The scheduled Governance Forum meetings are listed below:

Table 20: 2017/18 Governance Forums

Reporting Period	Date
Quarter 4 of 2016/17	5 May 2017
Quarter 1 of 2017/18	28 July 2017
Quarter 2 of 2017/18	13 November 2017
Quarter 3 of 2017/18	26 January 2018

9. STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA) RESOLUTIONS

None. The Department has not been invited to SCOPA and thus there are no standing resolutions

10. PRIOR MODIFICATIONS TO AUDIT REPORTS

The responsibility for Internal Control lies primarily with Management. Monitoring of controls forms an integral part of the risk management system.

11. INTERNAL CONTROL UNIT

The Department does not have a dedicated Internal Control Unit, as the responsibility for Internal Control lies primarily with Management. Monitoring of controls forms an integral part of the risk management system, and the adequacy of Internal Control is also reviewed by Internal and External Audit.

12. INTERNAL AUDIT

The Internal Audit Unit is in place and reports functionally to the Audit and Risk Committee and administratively to the Director General. The risk-based audit plans were approved by the Audit and Risk Committee. All major risk areas of the Department were subjected to audit evaluation and assessment.

The audits conducted covered a wide range of processes including governance, performance information, information technology, finance and HR management, incentive administration, as well as monitoring and evaluation of implementation programmes. The focus during the 2017/18 financial year was also to assess progress made in implementation of previous recommendations and action plans.

The Internal Audit Unit provided value adding assurance services in all these areas. The Internal Audit Unit lost 2 of the contract staff members which could not be replaced during the financial year. Lack of capacity had a significant impact on the operations of the IA Unit in 2017/18.

13. THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (ARC) is in place and provides oversight over internal control, risk management and governance matters in the Department. The Committee operates in terms of an approved Audit and Risk Committee Charter and in accordance with the requirements of the PFMA and Treasury Regulations.

One of the Audit and Risk Committee members, Mr. Justice Motha passed away in April 2017 leaving one vacancy in the Committee. For the greater part of the 2017/18 financial year, the ARC operated with three external members, who nevertheless were able to fulfil their functions satisfactorily whilst a replacement was sought.

During the 2017/18 financial year the ARC held a total of six meetings, as stipulated below

Table 21: Schedule of Audit & Risk Committee Meetings

Name	Qualification	Internal/ External	Date Appointed/ terminated	Meetings
Mr. Ayanda Wakaba (Chairperson)	B. Acc, BCompt (Hons), MBA	External	December 2015	6/6
Adv. Oliver Josie	BProc, LLB, LLM, MBL	External	December 2015	6/6
Ms. Veronica du Preez	BA, BCom, MBA, CIA	External	December 2015	6/6
Mr. Justice Motha	BCom (Hons), CA (SA)	External	December 2015- passed away in April 2017.	1/1
Ms Edith Vries	Bsc Honours, MSc	Internal	December 2015	6/6

The Audit & Risk Committee met with the Executive Authority during the 2017/18 financial year and presented its oversight report. The Audit & Risk Committee effectively exercised its oversight function.



14. AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2018.

14.1 AUDIT AND RISK COMMITTEE RESPONSIBILITY

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

14.2 OPERATIONS OF THE AUDIT AND RISK COMMITTEE

During the period under review the following activities, inter alia, were undertaken by the ARC towards the achievement of its mandate:

- Approved the Internal Audit Strategic Plans.
- Approved the reviewed Internal Audit Charter and Audit and Risk Committee charters.
- Reviewed Internal Audit quarterly progress reports against plans.
- Approved the Audit strategy for 2017/18.
- Reviewed the quarterly financial and performance information of the Department.
- Noted the adoption of a Combined Assurance Plan for 2018/19.
- Reviewed progress on management action plans to address reported findings.
- Considered the effectiveness of the risk management system.
- Evaluated its performance for 2017/18 and effectiveness in fulfilling its functions.
- Approved the draft annual financial statements and the annual performance report for 2017/18 before submission to Auditor General.

14.3. EFFECTIVENESS OF INTERNAL CONTROL

The Audit and Risk Committee reviewed reports presented by management and audit reports from both Internal and External Audit. 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 Committee noted with concern repeat findings in some of the areas covered by both the internal and external audits. Of significance were the recurring incidents of non-compliance with the guidelines and standard operating procedures in the administration of incentives, and inadequate monitoring of projects funded through these programmes. The Committee is of a view that there is an appreciation by the Departmental management of where the control weaknesses are and has emphasised the need for Management to monitor the implementation of audit action plans to ensure improvement in the status of Internal Control.

14.4 RISK MANAGEMENT

While the Risk Management fundamentals have been put in place in the Department, the Committee is concerned with the level of maturity in the risk management processes. Significant delays have been observed in concluding the 2017/18 and 2018/19 strategic risk assessment, and the monitoring of the risk management action plans has not effectively taken place.

Ideally the strategic risk assessment is conducted in line with the planning and budgeting cycle of the Department to allow for implementation of risk management action plans and monitoring to take place during the financial year.

The Committee has engaged the Accounting Officer on this matter and anticipates that measures will be instituted to ensure that the 2018/19 strategic risk assessment is concluded without delay.

It is further expected that the Risk and Ethics Management Committee (REMC) will work together with Management to ensure that there is effective monitoring of risk management action plans going forward. To strengthen oversight over the departmental risk management function, the Committee shall, on a regular basis, invite the Chairperson of the Risk and Ethics Management Committee to brief the ARC on risk management.

14.5 IN-YEAR MANAGEMENT AND QUARTERLY REPORTS

The Committee considered the quarterly financial and performance information reports submitted by Management. The Committee facilitated a process for reporting on recovery measures on areas of underperformance in core programmes. The process has assisted Management to reflect on areas of underperformance, identify root causes and develop solutions to put performance back on track. The Committee satisfied itself on the adequacy of the in-year reports and obtained the necessary assurance on the accuracy thereof from the Internal Audit Unit, the CFO and the Performance Monitoring Unit.

14.6 EVALUATION OF FINANCIAL STATEMENTS

The Committee has:

- reviewed and discussed the audited Annual Financial Statements with Management;
- reviewed the Auditor-General's Management Report and management responses thereto;
- reviewed the accounting policies and practices;
- reviewed the Departmental compliance with legal and regulatory provisions and;
- reviewed the information on predetermined objectives to be included in the annual report and is satisfied with the accuracy and presentation.

14.7 CONSIDERATION OF AGSA'S REPORT

The Committee has met with the Auditor-General to ensure that there are no unresolved issues. The Committee concurs and generally accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.

14.8 APPRECIATION

The Audit and Risk Committee expresses its sincere appreciation to the Executive Authority, Accounting Officer, Auditor General of South Africa, Management, and Internal Audit for their support and cooperation.



MR. AYANDA WAKABA

CHAIRPERSON OF THE AUDIT & RISK COMMITTEE





PART D: HUMAN RESOURCE MANAGEMENT



1. INTRODUCTION

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

The DSBD was proclaimed in July of 2014 and human as well as accompanying financial resources (cost of employment and transfer costs) that the DSBD received from the dti were limited to a number of programmes that were transferred.

In 2015 the DSBD received its own budget vote and embarked on a process of establishing itself as a National Department. However, due to the application of the same rules i.e. a steady decrease in compensation budget for all departments annually the DSBD experienced challenges in finalising the permanent establishment of the Department. In addition, the constant change that impacted finalisation of the organisational structure perpetuated the situation. Any planning done in respect of the permanent establishment of the Department had to be adjusted to accommodate a decrease in either the number of posts created or the level of posts created.

The DSBD continued to work towards developing a strategy that illustrates the mandate and can be supported by a functional and organisational structure. With the assistance of the Portfolio Committee on Small Business Development, DPME, DPSA and National Treasury the best possible way forward was identified and the DSBD continued on its journey.

2. OVERVIEW OF HUMAN RESOURCES

Irrespective of all the challenges that the Department faced staff were placed on the initial approved start-up structure and received its first approved functional and organisational structure outside of the start-up structures provided initially. This resulted in more stability amongst staff. However, the challenge in respect of high workload with too little human resources to execute continued to impact employees negatively and over the financial year levels of fatigue and burnout increased. Thus, the trust relationship amongst staff and management declined significantly with employees feeling that efforts put forward are not appreciated whether additional hours are spent at the office or not.

Human resource priorities over the financial year included the decrease in vacancy rate, establishing and maintaining a representative workforce in respect of women and people with a disability as well as finalising the organisational structure. Further, supporting priorities focussed on appointing a service provider to assist with the occurrences of fatigue amongst employees that resulted in a steady increase in sick leave and ultimately burnout. The Department was able to maintain a representative workforce with 56.5% of the workforce comprising of women (and where 51.2% of senior managers are women) and 2.8% of the workforce are people with a disability. However, challenges were experienced in decreasing the vacancy rate and the Department ended the year with a vacancy rate of 11.9%. Encouraging to note is that the Department was able to fund an additional DDG post as well as three posts that were desperately needed.

At present, the Department embarks on head hunting if the required skills levels cannot be attracted. Retention strategies are limited due to the limitation in compensation budget that only allows for approximately R6 thousand per employee for training and development per annum. In addition, scarce skills identified for the Department cannot be sourced at present due to the limited compensation budget. The Department embarked on a process of interaction with the DPSA and National Treasury to determine whether additional funding will be made available to the Department. Also, a shared services model between the Department and its Agencies was also investigated. However, current location as well as work methods hampers the process. In addition, the Department developed entry level posts (jobs) that provide for a third support function and two thirds core function to allow support staff to move into the core function and thus limit administrative support posts and create more entry level core posts.

Performance management has become another bone of contention amongst staff and management within the Department with staff feeling that management is not considering their effort or recognising them for additional work done.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 PERSONNEL RELATED EXPENDITURE

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

Amount spent on personnel

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

Table 3.1.1 Personnel expenditure per programme for the period 1 April 2017 and 31 March 2018

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	119 711	62 504	1 736	-	52.2	558
SMME and Cooperatives Policy and Research	17 324	10 244	-	-	59.1	512
SMME and Cooperatives Programme Design and Support	1 338 635	56 258	-	-	4.2	516
TOTAL	1 475 670	129 007	1 736	-	8.7	535

The DSBD was initially allocated a compensation budget of just over R137 million (approximately 9.3% of the DSBD budget) for the 2017/18 financial year. However, due to the current steady decrease in the compensation budget annually, the DSBD could not commit the full compensation budget. Therefore, for the 2017/18 financial year, R5 million was redistributed and the Department continued with just over R132 million available for compensation. Just over R129 million was spent on personnel expenditure which comprises approximately 8.7% of the total expenditure.

As indicated during discussion of the organisational structure, challenges in respect of the current budget structure indicating 3 Programmes versus the organisational structure providing for 4 Programmes continued. The misalignment resulted in compensation for 2 Programmes being clustered within the Cooperative Support and Development Programme while only the employees responsible for Policy Development are reflected within the Enterprise Development and Entrepreneurship Programme.

As at 1 April 2018 the Department will move onto the new budget structure which allows for the 4 Programmes and thereafter align the PERSAL System to reflect the required Programmes as per the organisational structure.

Training was centralised within the Administration Programme for the Department and is administrated by the Sub-directorate:



Performance Management and Human Resources Development. Therefore, only a total is reflected in respect of training.

Table 3.1.2 Personnel costs by salary band for the period 1 April 2017 and 31 March 2018

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)	11	-	-	-
Skilled (level 3-5)	3 918	3.0	26	151
Highly skilled production (levels 6-8)	29 069	22.5	86	338
Highly skilled supervision (levels 9-12)	47 665	36.9	63	757
Senior and Top management (levels 13-16)	48 148	37.3	41	1 174
TOTAL	128 947	100	216	597

Close to three quarters of the Department's personnel expenditure is spent on the highly skilled supervision as well as senior and top management levels. A burden on the current compensation budget is that during the initial transfer of staff from the dti, employees within salary levels 9 to 12 were compensated on the higher levels of the salary range that is salary level 10 and 12 respectively. While the Department has graded a number of posts, the majority of these posts were graded on salary levels 9 and 11 respectively the Department can only rectify the current situation during termination and recruitment processes.

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2017 and 31 March 2018

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	54 759	87.6	737	1.2	576	0.9	1 052	1.7
SMME and Cooperatives Policy and Research	9 114	89.0	6	0.1	71	0.7	150	1.5
SMME and Cooperatives Programme Design and Support	49 068	87.2	321	0.6	674	1.2	1 516	2.7
TOTAL	112 941	87.5	1 064	0.8	1 321	1.0	2 718	2.1

In the main, salaries make up close to 90% of the total personnel cost, while medical aid consists of just over 2%, home owner allowance approximately 1% and overtime less than 1%.

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2017 and 31 March 2018

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)	11	-	-	-	-	-	-	-
Skilled (level 3-5)	3 384	2.6	38	-	118	0.1	199	0.2
Highly skilled production (levels 6-8)	23 693	18.4	453	0.4	798	0.6	1 411	1.1
Highly skilled supervision (levels 9-12)	41 543	32.2	285	0.2	283	0.2	834	0.6
Senior management (level 13-16)	44 307	34.3	0	0.0	120	0.1	433	0.3
TOTAL	112938	87.5	776	0.6	1 320	1.0	2 876	2.2

While an amount of R11 thousand was spent within the skilled salary band, the initial amount spent was due to a transfer of a resource on salary level 2 during 2016. The resource, however, terminated service during the start of the financial year (April 2017) and therefore, only the amount spent is indicated.

3.2 EMPLOYMENT AND VACANCIES

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

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations (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 2018

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	103	89	13.6	9
Cooperative Support and Development	19	18	5.3	1
Enterprise Development and Entrepreneurship	88	78	11.4	21
TOTAL	210	185	11.9	31



As indicated during discussions in respect of the organisational structure and cost of employment, the challenges surrounding the current budget structure versus the organisational structure and configuration of PERSAL impacted reporting severely.

On the PERSAL system employees responsible for Policy, Research and Monitoring and Evaluation were clustered within the Cooperative Support and Development Programme while employees responsible for functions providing support and assistance during implementation were clustered under the Enterprise Development and Entrepreneurship Programme.

Close to 50% of the Department's permanent staff establishment are in Programme 1: Administration and are responsible for providing support to core staff. While Programme 3 reflects a large number of permanent staff, support in the form of additional resources was also sourced due to critical functions being under-resourced but limited financial resources to appoint permanent staff.

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2018

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	-	-	-	-
Skilled (3-5)	16	15	6.3	11
Highly skilled production (6-8)	74	70	5.4	16
Highly skilled supervision (9-12)	76	61	19.7	2
Senior management (13-16)	44	39	11.4	2
TOTAL	210	185	11.9	31

The Department ended the financial year with a vacancy of 11.9% which constitutes 25 out of 210 posts. Of concern was the 5 vacant posts within the senior management service, noting that these incumbents are responsible for providing strategic direction during the delivery on strategic goals. More significant are the 3 Deputy Directors General posts that have not been filled.

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2018

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related	28	22	21.4	8
Communication and Information Related	2	-	100	-
Finance and Economics Related	3	3	-	-
Financial and Related Professionals	3	3	-	1
Financial Clerks and Credit Controllers	4	3	25.0	2
Food Services Aids and Waiters	3	3	-	1
Head Of Department / Chief Executive Officer	1	1	-	-
Human Resources & Organisational Development & Related Professionals	2	2	-	-
Human Resources Clerks	1	1	-	-
Human Resources Related	14	13	7.1	-
Legal Related	3	1	66.7	-
Light Vehicle Drivers	3	2	33.3	-
Logistical Support Personnel	4	4	-	-
Messengers Porters And Deliverers	1	1	-	-
Other Administrative & Related Clerks and Organisers	-	-	-	12
Risk Management and Security Services	2	2	-	-
Secretaries & Other Keyboard Operating Clerks	21	21	-	1
Senior Managers	42	37	11.9	2
Trade/Industry Advisers & Other Related Professionals	73	66	9.6	4
Total	210	185	11.9	31

The Department in general has not experienced challenges when filling posts within the below-SMS occupations. Extended timeframes for filling posts within the below SMS occupations are mainly due to the job evaluation process that has to be concluded as well as for Programme 1 posts within salary levels 9 to 12 that have to be consulted with the MPSA.

Scarcity of skills, in the main, found within areas such as Legislative Drafting, Impact Assessment and Economic Modelling and Planning. However, at present, the Department does not have the resources to create posts within these areas.

Vacancies in areas such as the Communication and Marketing related occupation may require special competencies, however, the Department does not foresee a challenge in recruiting within this area.

Recruitment for certain Senior Management posts are proving to be a challenge at present due to availability of panel members and also a suitable, capable candidate pool for selection. Where possible, the Department is including external panel members to ensure a recruitment and selection process that is efficient and effective. Consideration of leadership imperatives and capability is critical in ensuring that the most suitable candidates are appointed.

3.3 FILLING OF SMS POSTS

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

Table 3.3.1 SMS post information as on 31 March 2018

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	2.3	-	-
Salary Level 16	1	-	-	1	2.3
Salary Level 15	3	-	-	3	6.8
Salary Level 14	11	11	25.0	-	-
Salary Level 13	28	27	61.4	1	2.3
Total	44	39	88.6	5	11.4

As indicated above the Department is experiencing a number of challenges in filling SMS posts. As at 1 April 2018 the DSBD had 5 vacancies within the SMS. These vacancies included the Special Advisor to the Minister, the 3 Deputy Directors-General posts and the Director: Strategic Partnerships and Market Access post. While 4 of these posts are within the recruitment and selection process it has taken a significant amount of time to finalise the process (more than 12 months for 2 of the DDG posts and close to 12 months for the Special Advisor post). Departments have to consult with DPSA in this regard and cabinet has to appoint DDGs.

Table 3.3.2 SMS post information as on 30 September 2017

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	2.3	-	-
Salary Level 16	1	-	-	1	2.3
Salary Level 15	3	-	-	3	6.8
Salary Level 14	13	12	27.3	1	2.3
Salary Level 13	26	26	59.1	-	-
Total	44	39	88.6	5	11.4



The initial start-up structure of the Department provided for more Chief Director posts than occupants, while less Director posts were provided for. Therefore, the Department opted to redesign Chief Director Posts that became vacant. The Director: Strategic Partnerships and Market Access post was redesigned to align to the mandate of the DSBD.

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2017 and 31 March 2018

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	-	-	-
Salary Level 16	-	-	-
Salary Level 15	-	-	-
Salary Level 14	-	-	-
Salary Level 13	1	-	-
Total	1	-	-

During the 2017/18 financial year no senior management posts were filled. However, the Ministry did embark on a recruitment and selection process in order to fill the Special Advisor post to the Minister. A request for appointment was forwarded for approval after consultation with DPSA.

Two of the DDG posts were advertised during 2017, however, only 1 has been submitted for appointment while the other has been referred back for head hunting and re-advertisement. The third DDG post was redesigned to align to the redesigned functional structure that was consulted with DPSA. Current funding is insufficient to fund the structure and thus consultation with National Treasury and DPSA is underway and thereafter, the structure will be submitted to the MPSA for concurrence.

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 2017 and 31 March 2018

Reasons for vacancies not advertised within six months
The following posts were not advertised within six months of becoming vacant: Special Advisor to the Minister (L16) Three DDG posts (L15)
Filling of the Special Advisor post does not follow the normal recruitment and selection process but is rather dependent on "head hunting" by the Minister.
Filling of the DDG posts were delayed due to redesign of the functional and organisational structure. In addition, the DPSA was initially not in agreement with the DDG post for Cooperatives Development. Once agreement was reached two of the DDG posts were advertised, however, still outside of the 6 month time frame.
The other DDG post was redesigned to the DDG: Sector Policy & Research post.
Reasons for vacancies not filled within twelve months
The following posts were not filled within the twelve-month turnaround time: Special Advisor to the Minister (L16) Three DDG posts (L15)
The Special Advisor post only became vacant at the end of April 2017 and thus the twelve-month time frame resorted outside of this reporting period. The process has however, been concluded with the expected assumption of duty 1 May 2018.
The three DDG posts are already outside of the twelve-month turnaround time.
The DDG: Enterprise Development and Entrepreneurship post has been submitted to the DPSA for appointment.
The DDG: Integrated Cooperatives Development post has been referred back for head hunting and the DDG: Sector Policy & Research post has been redesigned and will be advertised in the 2018 financial year.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2017 and 31 March 2018

Reasons for vacancies not advertised within six months
The Special Advisory to the Minister post was outside of the Department's control and does not follow normal recruitment and selection processes.
The DDG posts were in the process of redesign and negotiation with DPSA in order to advertise.
Reasons for vacancies not filled within twelve months
The Special Advisor post is projected to be filled by 1 May 2018 which will fall within the twelve month turnaround time.
The DDG post for Enterprise Development & Entrepreneurship has been submitted to the DPSA for finalisation of appointment while the DDG: Integrated Cooperatives Development was referred back for head hunting.
The DDG post for Sector Policy and Research has been redesigned and will be filled during 2018
The Director: Strategic Partnerships is still within the 12 month turnaround time.

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 2017 and 31 March 2018

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)	27	5	18.5	-	-	-	-
Highly skilled production (Levels 6-8)	90	25	27.8	-	-	-	-
Highly skilled supervision (Levels 9-12)	78	6	7.7	-	-	-	-
Senior Management Service Band A	28	1	3.6	-	-	-	-
Senior Management Service Band B	11	-	-	-	-	-	-
Senior Management Service Band C	3	2	66.7	-	-	-	-
Senior Management Service Band D	4	-	-	-	-	-	-
TOTAL	241	39	16.2	-	-	-	-

DSBD is required to job evaluate all new posts as well as all posts that become vacant unless these are centrally graded or form part of an Occupational Specific Dispensation (OSD). This based on the deviation granted by MPSA during the establishment of the Department.

While a number of jobs were job evaluated during the 2017/18 financial year these jobs could not be created due to limitations in compensation budget. The Senior Management posts on the redesigned structure were job evaluated during the latter part of February 2018 and will be submitted for approval based on the consultation with National Treasury and the DPSA.



In addition, entry level posts that provide for approximately one-third administrative responsibilities and two-thirds core function responsibilities were designed to assist with the current challenge of sourcing administrators as well as core personnel. Again these posts can only be created should an administrator vacate a post and the business unit have sufficient funds to create the entry level post.

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

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2017 and 31 March 2018

Gender	African	Asian	Coloured	White	Total
Female	-	-	-	-	-
Male	-	-	-	-	-
TOTAL	-	-	-	-	-
Employees with a disability					-

No posts were upgraded during the 2017/18 financial year. The Department had to implement the Public Service Coordinating Bargaining Council (PSCBC) Resolution 1 of 2012 Clause 18.1 in respect of the grading of posts on salary levels 9, 10, 11 and 12 in line with findings that were implemented within **the dti** which impacted 3 employees. While 3 African males salaries were upgraded to salary level 12 during this process, discussions with the DPSA confirmed that the grading of the posts within DSBD remain on the grading levels as per the grading done within DSBD.

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 2017 and 31 March 2018

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Administrative Related	1	5	6	Transferred from the dti on salary level 6
Administrative Related	2	6	7	Retention
Administrative Related	1	6	7	Grade Progression
Secretaries & Other Keyboard Operating Clerks	2	7	8	Transferred from the dti on salary level 6
Total number of employees whose salaries exceeded the level determined by job evaluation				6
Percentage of total employed				2.8

Six employees are at present remunerated above the salary level as indicated via job evaluation. All of these employees are responsible for administrative related functions and were appointed as Personal Assistants, Team Assistants, Administrative Support or Call Centre Agents. The DSBD opted to follow the generic grading of support posts such as Personal Assistants, Administrators and Secretaries. Therefore, a number of these posts indicate employees appointed on higher salary levels. Three of the employees were transferred from **the dti** on the current grades due to grading or retention within **the dti**. Two employees' salaries were adjusted during the transfer to the DSBD and one employee moved to the next level due to an extended period within the current level (grade progression).

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 2017 and 31 March 2018

Gender	African	Asian	Coloured	White	Total
Female	2	-	1	2	5
Male	1	-	-	-	1
TOTAL	3	-	1	2	6
Employees with a disability	1	-	-	-	1

Five of the employees that are remunerated above the required level are females while one is a male. Three are African, two White and one Coloured. One is a person with a disability.

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 2017 and 31 March 2018

Salary band	Number of employees at beginning of period-1 April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	-	-	-	-
Skilled (Levels 3-5)	9	5	1	11.1
Highly skilled production (Levels 6-8)	67	4	1	1.5
Highly skilled supervision (Levels 9-12)	58	1	3	5.2
Senior Management Service Bands A	23	-	1	4.3
Senior Management Service Bands B	8	-	-	-
Senior Management Service Bands C	-	-	-	-
Senior Management Service Bands D	1	2	-	-
Contracts	35	35	24	68.6
TOTAL	201	45	30	14.9

The DSBD turnover significantly increased during the 2017/18 financial year. However, the increase in turnover was mainly due to the significant increase in posts additional to the establishment which resulted in employees that were already employed additional to the establishment applying for newly created posts (additional to the establishment).

In addition, while posts within the Ministry are created on the permanent establishment of the Department, employment in the main is on a contract linked to the term of the Minister or Deputy Minister. The DSBD had two changes in respect of political office bearers (Deputy Ministers) during the financial year which also impacted turnover.

Of concern for the Department was the termination of a senior manager and middle manager within the Market Access environment.

The 45 appointments are in the main due to appointments additional to the establishment as well as appointments within the Office of the new Deputy Ministers.



Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2017 and 31 March 2018

Critical occupation	Number of employees at beginning of period-April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative Related	26	15	7	26.9
Finance and Economics Related	2	-	-	-
Financial and Related Professionals	6	-	1	16.7
Financial Clerks and Credit Controllers	4	2	-	-
Food Services Aids and Waiters	4	-	-	-
Head of Department/ Chief Executive Officer	1	-	-	-
Human Resources & Organisational Development & Related Professionals	2	-	-	-
Human Resources Clerks	1	1	-	-
Human Resources Related	10	1	-	-
Legal Related	1	-	-	-
Light Vehicle Drivers	2	1	2	100.0
Logistical Support Personnel	4	2	2	50.0
Messengers Porters and Deliverers	1	-	-	-
Other Administrative & Related Clerks and Organisers	-	15	3	-
Risk Management and Security Services	2	-	-	-
Secretaries & Other Keyboard Operating Clerks	19	2	2	10.5
Senior Managers	42	2	5	11.9
Trade/Industry Advisers & Other Related Profession	74	4	8	10.8
TOTAL	201	45	30	14.9

The Department is experiencing significant challenges in recruiting scarce skills with specific reference to a Legal related professional that can assist with amongst others drafting of Legislation, a Development Economist as well as Impact Assessors due to limited financial resources.

A number of posts were created additional to the establishment to assist with programme implementation. However, going forward the Small Business Development Agencies will focus on implementation while the Department will focus on providing an enabling environment to ensure the establishment, growth and sustainability of small businesses and cooperatives.

In order to deliver on the DSBD mandate the Department will have to source more Policy Developers, Business Advisors, Monitoring & Evaluation specialists as well as Programme Design Specialists. Business units are at present functioning with between 2 to 4 staff (inclusive of the senior manager responsible for the environment) which creates high levels of stress and fatigue.

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 2017 and 31 March 2018

Termination Type	Number	% of Total Resignations
Death	-	-
Resignation	15	50.0
Expiry of contract	10	33.3
Dismissal – operational changes	-	-
Dismissal – misconduct	-	-
Dismissal – inefficiency	-	-
Discharged due to ill-health	-	-
Retirement	1	3.3
Transfer to other Public Service Departments	4	13.3
Other	0	0.0
TOTAL	30	100.0
Total number of employees who left as a % of total employment		13.9

Fifty percent of all terminations indicate that employees terminated service with the Department due to resignation. However, 8 of the 15 resignations were contract employees such as Interns, Data Capturers, Administrators or Applications and Claims Processors who applied for the same type of posts e.g. Data Capturers applying for an Applications and Claims Processor post in order to obtain a higher salary level or by implication extend their current contract.

Table 3.5.4 Promotions by critical occupation for the period 1 April 2017 and 31 March 2018

Occupation	Employees 1 April 2017	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	26	-	-	16	61.5
Finance and Economics Related	2	-	-	-	-
Financial and Related Professionals	6	-	-	2	33.3
Financial Clerks and Credit Controllers	4	-	-	1	25.0
Food Services Aids and Waiters	4	-	-	1	25.0
Head of Department/ Chief Executive Officer	1	-	-	-	-
Human Resources & Organisational Development & Related Professionals	2	-	-	1	50.0
Human Resources Clerks	1	-	-	-	-
Human Resources Related	10	1	10.0	4	40.0
Legal Related	1	1	100.0	-	-
Light Vehicle Drivers	2	-	-	1	50.0
Logistical Support Personnel	4	-	-	2	50.0
Material-Recording and Transport Clerks	-	-	-	-	-



Occupation	Employees 1 April 2017	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
Messengers Porters and Deliverers	1	-	-	1	100.0
Motor Vehicle Drivers	-	-	-	-	-
Other Administrative & Related Clerks and Organisers	-	-	-	-	-
Risk Management and Security Services	2	-	-	-	-
Secretaries & Other Keyboard Operating Clerks	19	-	-	3	15.8
Senior Managers	42	-	-	28	66.7
Trade/Industry Advisers & Other Related Professionals	74	-	-	48	64.9
TOTAL	201	2	1.0	108	53.7

Only 2 employees were promoted from one salary level to another during the 2017/18 financial year. These promotions were both African males and within Programme 1 (Human Resources and Legal Services).

A total of 108 employees received pay progression during the financial year (close to 54% of DSBD staff).

More than 60% of the following occupations received pay progression: 1) Trade / Industry Advisers and Other Related Professionals; 2) Senior Managers, Administrative Related. These occupations are also the most prevalent within the Department with approximately 70% of the staff resorting within these occupations.

Table 3.5.5 Promotions by salary band for the period 1 April 2017 and 31 March 2018

Salary Band	Employees 1 April 2017	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)	1	-	-	-	-
Skilled (Levels 3-5)	15	-	-	3	20.0
Highly skilled production (Levels 6-8)	75	1	1.5	47	62.7
Highly skilled supervision (Levels 9-12)	67	1	1.7	30	44.8
Senior Management (Level 13-16)	43	-	-	28	65.1
TOTAL	201	2	2.0	108	53.7

Only 2 internal candidates were promoted. One employee was promoted from the skilled salary band (salary level 5) to the Highly Skilled Production salary band (salary level 6) while the other one was promoted within the Highly Skilled Supervision salary band (salary level 9 to 10). Both employees were promoted within their respective business units namely, Human Resources Management and Legal Services.

6. EMPLOYMENT EQUITY

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2018

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	16	2	1	-	12	4	2	2	39
Professionals	38	2	2	-	44	-	1	1	88
Technicians and associate professionals	18	-	1	-	22	-	-	1	42
Clerks	9	1	-	-	24	2	-	2	38
Service and sales workers	-	-	-	-	-	-	-	-	-
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades workers	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	2	-	-	-	-	-	-	-	2
Elementary occupations	1	-	-	-	4	-	-	-	5
TOTAL	84	5	4	-	106	6	3	6	214
Employees with disabilities	4	-	-	-	2	106	-	-	6

Excluding the Political Office Bearers, 56.5% of the Department's workforce is women while 43.5% are men. Also, the senior management service comprises of more than 50% women with this trend increasing to close to 60% for lower levels. Across the race categories Africans make up approximately 88.9% of the workforce with Coloureds contributing 5.1%, Indians 3.3% and Whites 2.8%.

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	-	-	-	1	1	-	-	3
Senior Management	16	2	1	-	12	3	2	2	38
Professionally qualified and experienced specialists and mid-management	20	2	2	-	33	-	-	1	58
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	40	1	-	-	45	2	1	3	92
Semi-skilled and discretionary decision making	8	-	1	-	16	-	-	-	25
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
TOTAL	85	5	4	0	107	6	3	6	216

With the inclusion of the Political Office Bearers the Department's equity profile reflects a Top Management that is predominantly female and 66.7% while Senior Management is distributed equally amongst the males and females. When continuing down to the other Occupational Bands representation in respect of females becomes more dominant.



Table 3.6.3 Recruitment for the period 1 April 2017 to 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	-	-	-	1	-	-	-	2
Senior Management	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid-management	3	-	-	-	2	-	-	-	5
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	8	-	-	-	12	-	-	-	20
Semi-skilled and discretionary decision making	5	-	-	-	13	-	-	-	18
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
TOTAL	17	-	-	-	28	-	-	-	45
Employees with disabilities	1	-	-	-	-	-	-	-	1

Appointments over the financial year were predominantly African females and thereafter, African males. Appointments were mainly in respect of employees additional to the establishment and therefore, will have a limited impact on the Equity profile for the Department. However, the Department's challenges in respect of attracting White males continues. Further, Coloureds are also underrepresented and the Department could also not attract in this category.

Two appointments reflect within the Top Management occupational band due to the change in Deputy Minister over the last financial year.

Table 3.6.4 Promotions for the period 1 April 2017 to 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	1	-	-	1
Senior Management	11	1	1	-	8	3	1	2	27
Professionally qualified and experienced specialists and mid-management	13	-	1	-	16	-	-	1	31
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	19	-	-	-	24	2	1	2	48
Semi-skilled and discretionary decision making	2	-	-	-	1	-	-	-	3
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
TOTAL	45	1	2	-	49	6	2	5	110
Employees with disabilities	3	-	-	-	2	-	-	-	5

In total 110 (50.9%) employees within the Department were promoted to either the next salary level or notch within their current salary level. Only 2 of these employees were promoted from 1 salary level to the next. Of the 2 employees that were promoted from 1 salary level to the next, only 1 moved to another occupational band (Semi-skilled to Skilled Technical).

Table 3.6.5 Terminations for the period 1 April 2017 to 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	2	-	-	-	2
Senior Management	2	-	-	-	1	-	-	-	3
Professionally qualified and experienced specialists and mid-management	5	-	-	-	3	-	-	-	8
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	3	-	-	-	5	1	-	-	9
Semi-skilled and discretionary decision making	1	-	-	-	6	-	-	-	7
Unskilled and defined decision making	-	-	-	-	1	-	-	-	1
TOTAL	11	-	-	-	18	1	-	-	30
Employees with disabilities	-	-	-	-	-	-	-	-	-

A total of 30 employees terminated service with the Department during the 2017/18 financial year. However, as indicated previously these terminations do not necessarily reflect a termination with the Department but rather a termination from one contract position to another. Terminations where employees terminated and moved to another post occurred within the semi-skilled occupational band (moving to the skilled technical). Within the skilled technical and professionally qualified occupational bands employees also terminated via contract expiries but then re-joined the Department once a deviation was received from the MPSA to extend their contracts for a period not exceeding 1 year.

Table 3.6.6 Disciplinary action for the period 1 April 2017 to 31 March 2018

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Correctional counselling	1	-	-	-	-	-	-	-	1
Verbal warning	5	-	-	-	4	-	-	-	9
Written warning	8	-	-	-	1	-	-	-	9
Case withdrawn	1	-	-	-	-	-	-	-	1
TOTAL	15	-	-	-	5	-	-	-	20

In total 20 employees were disciplined over the financial year. Three quarters of employees that were disciplined were African males. Disciplinary action was mainly instituted for non-compliance with performance management prescripts.

Table 3.6.7 Skills development for the period 1 April 2017 to 31 March 2018

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	8	1	-	-	10	2	1	1	23
Professionals	19	2	2	-	23	-	-	-	46
Technicians and associate professionals	11	-	1	-	11	-	-	-	23
Clerks	8	1	-	-	16	1	-	1	27
Service and sales workers	-	-	-	-	-	-	-	-	-
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	-



Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Craft and related trades workers	-	-	-	-	4	-	-	-	4
Plant and machine operators and assemblers	1	-	-	-	-	-	-	-	1
Elementary occupations	-	-	-	-	-	-	-	-	-
TOTAL	47	4	3	-	64	3	1	2	124
Employees with disabilities	-	-	-	-	1	-	-	-	1

A total of 124 employees received training over the financial year. 56.5% of training provided was provided to females. This is in line with the current Equity profile of the Department that also reflects that females in general make up 56.5% of the Department's workforce.

More than 50% of senior managers within the Department attended some form of training and development over the financial year. While evidence-based policy making has been prioritised for senior managers training was not limited to this programme but also included Project Khaedu training.

Training and development provided to employees ranged from workshops and symposiums that address specific areas of specialisation such as Understanding Poverty & Inequality in South Africa, Itxpo, 8th SAAIDS Conference, etc and also Growth Wheel Certificate Training to generic training that is required across the Department such as Microsoft Excel, Protocol, basic Project Management, Financial Management, etc.

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 2017

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	1	1	2.5
Salary Level 16	-	-	-	-
Salary Level 15	2	-	-	-
Salary Level 14	15	13	11	27.5
Salary Level 13	26	26	25	62.5
Total	44	40	37	92.5

The Department had a total of 44 senior management posts (excluding the Political Office Bearers as well as the Special Advisor to the Minister) on 31 May 2017, 40 of these posts were filled by members of the SMS. By 31 May 2017 37 (92,5%) submitted their performance agreements.

The Head of Department complied with the due date. Due to the Department having more Chief Director posts and less Director posts 2 Directors were carried within Chief Director posts. This situation was however, rectified with the approval of the organisational structure (placement on the start-up structure). All of the Chief Directors complied with the prescribed due date and 25 of the 28 (89,3%) Directors complied with the due date.

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 May 2017

Reasons
Two of the senior managers who did not comply with the due date for submission of performance agreements indicated that they submitted their agreements to their respective managers, however, the managers did not sign off on the agreements before the due date. The finalised agreements were submitted thereafter.
One senior manager did not comply with the due date and did not provide a reason for non-compliance. However, it needs to be noted that the senior manager was suspended with no pay during May and June of 2017.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2017

Reasons
All of the senior managers that did not comply with the performance management compliance due date received written warnings.

8. PERFORMANCE REWARDS

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

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2017 to 31 March 2018

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African	6	190	88.8	208	34 597
Male	1	84	39.3	46	45 952
Female	5	106	49.5	162	32 326
Asian	-	7	3.3	-	-
Male	-	4	1.9	-	-
Female	-	3	1.4	-	-
Coloured	-	11	5.1	-	-
Male	-	5	2.3	-	-
Female	-	6	2.8	-	-
White	1	6	2.8	43	42 613
Male	-	-	-	-	-
Female	1	6	2.8	43	42 613
TOTAL	7	214	100.0	250	35 742

A total of 7 (3,3%) employees received a performance award during the last financial year. In the main (more than 70%), African females received performance awards. At present, the Department is experiencing a number of challenges in respect of workload which impacts service delivery and levels of performance. Employees are fatigued and levels of sick leave are increasing. In addition, employees noted that where additional work is delivered the performance management system is not considering such and therefore not acknowledged.



Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2017 to 31 March 2018

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)	-	-	-	-	-	-
Skilled (level 3-5)	-	25	-	-	-	-
Highly skilled production (level 6-8)	5	87	5.7	136	27 178	0.1
Highly skilled supervision (level 9-12)	2	63	3.2	114	57 151	0.1
TOTAL	7	175	4.0	250	35 742	0.2

Only 7 employees (excluding senior management services) received performance rewards during the 2017/18 financial year (2016/17 performance cycle). These employees were concentrated within the highly skilled production as well as supervision salary bands. In general, the normal distribution of performance awards should be around 15% of the workforce, distributed amongst the various salary bands. At present, the Department knows that workload remains an issue and is impacting performance. The Department will also have to consider whether the reality of 4.0% of the workforce that received performance awards indicates standards that are too high or whether employees have just opted not to attempt anything other than acceptable performance.

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2017 to 31 March 2018

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	-	37	-	-	-
Finance and Economics Related	1	4	25.0	43	42 613
Financial and Related Professionals	-	3	-	-	-
Financial Clerks and Credit Controllers	-	4	-	-	-
Food Services Aids and Waiters	-	4	-	-	-
Head of Department/ Chief Executive Officer	-	1	-	-	-
Human Resources & Organisational Development & Related Professionals	-	2	-	-	-
Human Resources Clerks	-	1	-	-	-
Human Resources Related	-	11	-	-	-
Legal Related	-	1	-	-	-
Light Vehicle Drivers	-	3	-	-	-
Logistical Support Personnel	-	4	-	-	-
Material-Recording and Transport Clerks	-	1	-	-	-
Messengers Porters and Deliverers	-	1	-	-	-
Other Administrative & Related Clerks and Organisers	-	12	-	-	-
Risk Management and Security Services	-	2	-	-	-
Secretaries & Other Keyboard Operating Clerks	1	19	5.3	20	19 583
Senior Managers	-	37	-	-	-

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Trade/Industry Advisers & Other Related Professionals	5	67	7.5	188	37 560
TOTAL	7	214	3.3	250	35 742

The majority (more than 70%) of employees that received performance awards were within the Trade / Industry Advisers and other related professionals' occupation. These employees are responsible for delivering on the core objectives of the Department. Only 1 employee within the Finance and Economics related occupation received a performance award and only one employee within a support occupation (Secretaries and other Keyboard Operating Personnel) received a performance award.

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2017 to 31 March 2018

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	-	27	-	-	-	-
Band B	-	11	-	-	-	-
Band C	-	-	-	-	-	-
Band D	-	1	-	-	-	-
TOTAL	-	39	-	-	-	-

None of the senior managers within the Department received a performance award during the financial year. Considering the current low morale within the Department the question would be whether management can motivate staff to do more and improve performance when the same trends, e.g. increased levels of sick leave and fatigue, exists in both levels.

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 2017 and 31 March 2018

Salary band	01 April 2017		31 March 2018		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	-	-	-	-	-	-
Highly skilled production (Lev. 6-8)	-	-	-	-	-	-
Highly skilled supervision (Lev. 9-12)	-	-	-	-	-	-
Contract (level 9-12)	-	-	-	-	-	-
Contract (level 13-16)	-	-	-	-	-	-
Total	-	-	-	-	-	-

The DSBD has no foreign workers. However, one employee does have dual citizenship. The DSBD is also not considering employment of any foreign workers at present.



Table 3.9.2 foreign workers by major occupation for the period 1 April 2017 and 31 March 2018

Major occupation	01 April 2017		31 March 2018		Change	
	Number	% of total	Number	% of total	Number	% Change
None	-	-	-	-	-	-

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 2017 to 31 December 2017

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	2	100.0	1	0.5	2.0	4
Skilled (levels 3-5)	162	34.0	18	9.8	9.0	48
Highly skilled production (levels 6-8)	1 210	33.8	79	42.9	15.3	716
Highly skilled supervision (levels 9 -12)	892	40.6	53	28.8	16.8	1 089
Top and Senior management (levels 13-16)	492	37.0	33	17.9	14.9	851
TOTAL	2 758	36.6	184	100.0	15.0	2 708

Sick leave for the 2017 calendar year doubled in comparison with the 2016 calendar year. The increase in sick leave occurred within the highly skilled production and supervisory salary bands to the top and senior management salary band with the most significant increase within the highly skilled supervision salary band.

Medical certificates are provided for just over a third of all sick leave taken. Considering the 8 week rule the challenge that the Department has is whether two thirds of sick leave taken is due to fatigue or lack of engagement by employees.

The current situation also increases the workload further and thus aggravates the situation.

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2017 to 31 December 2017

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)	-	-	-	-	-	-
Skilled (Levels 3-5)	-	-	-	-	-	-
Highly skilled production (Levels 6-8)	21	100.0	1	33.3	21	32
Highly skilled supervision (Levels 9-12)	19	100.0	1	33.3	19	43
Senior management (Levels 13-16)	51	100.0	1	33.3	51	195
Total	91	100.0	3	100.0	30.0	270

Three employees utilise temporary incapacity leave during the 2017 calendar year. Of concern for the Department is that not only normal sick leave has increased over the year but the trend also moved into the temporary and permanent incapacity leave.

While a service provider that will address Employee Health and Wellness will be appointed during 2018 to assist employees with issues of stress and fatigue this will not address the current challenge of high workload. Also, the Department is engaging the DPSA and National Treasury to determine whether additional resources will be appointed, however, this does not look promising.

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

Table 3.10.3 Annual Leave for the period 1 January 2017 to 31 December 2017

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	-	-	-
Skilled (Levels 3-5)	419	25	16.8
Highly skilled production (Levels 6-8)	1 679	87	19.3
Highly skilled supervision (Levels 9-12)	1 247	57	21.9
Senior management (Levels 13-16)	821	40	20.5
TOTAL	4 166	209	19.9

In comparison with 2016 no significant changes were noted within the annual leave trends. Annual leave slightly increased (with 0.6 days on average). However, annual leave for the skilled and highly skilled supervision salary bands increased by approximately 2 and more when considering the average while it decreased by approximately 2 days and more for the highly skilled production and senior management salary bands.

Table 3.10.4 Capped leave for the period 1 January 2017 to 31 December 2017

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 2018
Lower skilled (Levels 1-2)	-	-	-	-
Skilled (Levels 3-5)	-	-	-	34
Highly skilled production (Levels 6-8)	-	-	-	9
Highly skilled supervision (Levels 9-12)	-	-	-	47
Senior management (Levels 13-16)	-	-	-	18
TOTAL	-	-	-	26

A total of 18 employees within the Department have capped leave. At present, none of these employees are utilising capped leave.

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 2017 and 31 March 2018

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2017/18 due to non-utilisation of leave for the previous cycle	-	-	-
Capped leave payouts on termination of service for 2017/18	-	-	-
Current leave payout on termination of service for 2017/18	30	16	1 875
Total	30	16	1 875



11. HIV/AIDS & HEALTH PROMOTION PROGRAMMES

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

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

No categories or units of employees were identified to be at high risk of contracting HIV and related diseases during the 2017/18 financial year.

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

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Ms Hendriken Rossouw - Director: Human Resource Administration
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.	Yes		The Department has a Unit dedicated for Health and Wellness of Employees (EHW). The unit has two employees and is in a process of finalising appointment of an EHW Service Provider. The estimated budget for the EHW programme for the 2018/2019 financial year is R247 000.00.
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	Yes		Information sharing/awareness sessions, Dialogues and HCT. A Health Programme focusing on the implementation of the National Health Calendar as well as awareness/ intervention programme implementation based on identified themes from services requested by employees and rendered, as well as themes based from the psycho-social (counselling) programme. Quarterly General Health Screening programme implemented.
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.	Yes		A Health & Wellness Committee has been established, comprising of 18 members
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.	Yes		The HIV/AIDS policy, SHERQ, Health and Productivity and Wellness policies have been developed and approved. The HIV/AIDS Policy is in a process of review, to also align to the DPSA Policy template

Question	Yes	No	Details, if yes
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		Acts of discrimination are mitigated through conducting awareness and dialogue sessions the effects of stigmatization and discrimination. People Living With HIV/AIDS (PLHIV) are also invited over to share practical effects and how they are overcome. Furthermore, PLHIV are made aware of their rights through available policies. Employees are often encouraged not to label, stigmatise or discriminate against PLHIV.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes		Between April 2017 - February 2018, a total number of 82 employees participated in Voluntary Counselling and Testing (HCT). The results of all employees tested during this period were negative. A total number of 2 employees voluntarily disclosed their HIV positive status to the EHW Unit. Necessary support is rendered to them. The services are measured through the utilisation of an evaluation form by clients. A workplace climate survey was also conducted.
8. Has the department developed measures/ indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/ indicators.	Yes		Development and administration/ implementation of presentation and services evaluation through the utilisation of an evaluation template/form and Conducting a workplace Climate Survey Questionnaire

12. LABOUR RELATIONS

Table 3.12.1 Collective agreements for the period 1 April 2017 and 31 March 2018

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

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2017 and 31 March 2018

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	1	5.0
Verbal warning	9	45.0
Written warning	9	45.0
Final written warning	-	-
Suspended without pay	1	5.0
Fine	-	-
Demotion	-	-
Dismissal	-	-
Not guilty	-	-
Case withdrawn	-	-
TOTAL	20	100.0

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

In the main, verbal and written warnings were given where non-compliance was identified. One case was withdrawn while corrective counselling was advised for another.



Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2017 and 31 March 2018

Type of misconduct	Number	% of total
Misrepresentation	1	50.0
Insubordination	1	50.0
TOTAL	2	100.0

Table 3.12.4 Grievances logged for the period 1 April 2017 and 31 March 2018

Grievances	Number	% of Total
Number of grievances resolved	12	85.7
Number of grievances not resolved	2	14.3
Total number of grievances lodged	14	100.0

Table 3.12.5 Disputes logged with Councils for the period 1 April 2017 and 31 March 2018

Disputes	Number	% of Total
Number of disputes upheld	1	33.3
Number of disputes dismissed	1	33.3
In progress	1	33.3
Total number of disputes lodged	3	100.0

Table 3.12.6 Strike actions for the period 1 April 2017 and 31 March 2018

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

Table 3.12.7 Precautionary suspensions for the period 1 April 2017 and 31 March 2018

Number of people suspended	1
Number of people whose suspension exceeded 30 days	1
Average number of days suspended	107
Cost of suspension(R'000)	126

13. SKILLS DEVELOPMENT

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

Table 3.13.1 Training needs identified for the period 1 April 2017 and 31 March 2018

Occupational category	Gender	Number of employees as at 1 April 2017	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	21	-	18	7	25
	Male	20	-	20	3	23
Professionals	Female	50	-	55	6	61
	Male	42	-	51	11	62
Technicians and associate professionals	Female	20	-	15	-	15
	Male	16	-	7	4	11
Clerks	Female	16	-	11	-	11
	Male	6	-	3	-	3
Service and sales workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Skilled agriculture and fishery workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Craft and related trades workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Plant and machine operators and assemblers	Female	-	-	-	-	-
	Male	3	-	6	-	6
Elementary occupations	Female	4	-	7	-	7
	Male	1	-	2	-	2
Sub Total	Female	111	-	106	13	119
	Male	88	-	89	18	107
Total		199	-	195	31	226

A total of 226 training and development interventions were identified for employees within the Department for the financial year. However, employees are limited in respect of funding when considering training and development initiatives which will allow for more than one training intervention for some employees while others may only be able to attend one training intervention.

Table 3.13.2 Training provided for the period 1 April 2017 and 31 March 2018

Occupational category	Gender	Number of employees as at 1 April 2017	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	20	-	11	3	14
	Male	19	-	8	1	9
Professionals	Female	46	-	18	5	23
	Male	42	-	21	2	23



Occupational category	Gender	Number of employees as at 1 April 2017	Training provided within the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Technicians and associate professionals	Female	23	-	10	1	11
	Male	19	-	10	2	12
Clerks	Female	27	-	17	1	18
	Male	10	-	9	-	9
Service and sales workers	Female	1	-	-	-	-
	Male	-	-	-	-	-
Skilled agriculture and fishery workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Craft and related trades workers	Female	4	-	4	-	4
	Male	1	-	-	-	-
Plant and machine operators and assemblers	Female	-	-	-	-	-
	Male	2	-	1	-	1
Elementary occupations	Female	-	-	-	-	-
	Male	-	-	-	-	-
Sub Total	Female	121	-	60	10	70
	Male	93	-	49	5	54
Total		214	-	109	15	124

14. INJURY ON DUTY

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2017 and 31 March 2018

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

No new cases of injury on duty were registered during the financial year.

15. UTILISATION OF CONSULTANTS

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

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

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2017 and 31 March 2018

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
None			
Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
None			

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2017 and 31 March 2018

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 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2017 and 31 March 2018

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

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2017 and 31 March 2018

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

16. SEVERANCE PACKAGES

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2017 and 31 March 2018

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





PART E: FINANCIAL INFORMATION



Report of the Auditor-General

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 111 to 169, which comprise the appropriation statement, the statement of financial position as at 31 March 2018, the 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 2018, and its financial performance and cash flows for the year then ended in accordance with Modified Cash Standards (MCS) prescribed by National Treasury 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 the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and 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 code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2017 were restated as a result of an error in the financial statements of the department at, and for the year ended, 31 March 2018.

Other matter

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

Unaudited supplementary schedules

9. The supplementary information set out on pages 170 to 177 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 accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting officer is responsible for assessing the department of small business development 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 accounting officer either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

Report of the Auditor-General

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

12. 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.
13. 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

14. 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 material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
15. My procedures address 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 also did 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.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2018:

Programmes	Pages in the annual performance report
Programme 2- SMMEs and cooperatives Policy and Research	41 - 52
Programme 3- SMMEs and cooperatives Programme Design and Support	52 - 64

17. 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.
18. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
 - Programme 2: SMMEs and cooperatives Policy and Research
 - Programme 3: SMMEs and cooperatives Programme Design and Support

Other matters

19. I draw attention to the matters below.



Report of the Auditor-General

Achievement of planned targets

20. Refer to the annual performance report on pages 41 to 63 for information on the achievement of planned targets for the year and explanations provided for the under/ over achievement of a number of targets.

Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 2: SMMEs and cooperatives Policy and Research and Programme 3: SMMEs and cooperatives Programme Design and Support. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

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

Transfer of funds

24. Appropriate measures were not maintained to ensure that transfers to entities relating to the Black Business Supplier Development Programme (BBSDP) and cooperative incentive scheme (CIS) were applied for their intended purposes, as required by treasury regulation 8.4.1.

OTHER INFORMATION

25. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
26. 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.
27. 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 programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
28. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, 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 compliance with legislation included in this report.

Report of the Auditor-General

Leadership

30. Management's action plans to address the previous year's audit findings were appropriately developed, but inadequate monitoring resulted in repeat findings relating to material adjustments on performance reporting and instances of non-compliance with laws and regulations.

Financial and performance management

31. Senior management did not effectively oversee performance reporting, as well as the monitoring of compliance relating to the incentive schemes.
32. Management did not prepare regular, accurate and complete performance reports that are supported and evidenced by reliable information.

Governance

33. The internal audit unit was not adequately resourced to ensure that the unit could effectively assist in identifying internal control deficiencies and developing recommendations in respect of corrective action to be taken to address the internal control deficiencies identified..

OTHER REPORTS

34. I draw attention to the following engagements conducted by various parties that 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.
35. The department initiated a forensic investigation into irregularities raised by the Auditor-General of South Africa during the regularity audit of 16/17, with regard to non-compliance in incentive programmes (CIS) Co-operatives Incentive Scheme and (BBSDP) Black Business Supplier Development Programme. The investigation which covers the period of 2015/16 and 2016/17 financial year, commenced on the 09 April 2018, is conducted by the office of the Auditor General South Africa's Forensic Unit and is expected to be concluded by 31 August 2018.

Auditor-General

Pretoria;

31 July 2018



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



Annexure- Auditor-general's responsibility for the audit

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

Financial statements

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

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2018

Appropriation per programme	2017/18							2016/17	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Voted funds and Direct charges Programme									
1. Administration	121 614	-	(1 903)	119 711	116 999	2 712	97.7%	111 025	98 925
2. Small, Medium and Micro Enterprises and Cooperatives Policy and Research	17 999	-	(675)	17 324	16 748	576	96.7%	25 835	13 848
3. Small, Medium and micro Enterprises and Cooperatives Programme Design and Support	1 336 057	-	2 578	1 338 635	1 325 737	12 898	99.0%	1 181 579	1 084 267
Subtotal									
TOTAL	1 475 670	-	-	1 475 670	1 459 484	16 186	98.9%	1 318 439	1 197 041

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
VOTE 31

APPROPRIATION STATEMENT
for the year ended 31 March 2018

	2017/18		2016/17	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
TOTAL (brought forward)	1 475 670	1 459 484	1 318 439	1 197 041
Reconciliation with statement of financial performance				
ADD				
Departmental receipts	551		88	
NRF Receipts	-		-	
Aid assistance	-		413	
Actual amounts per statement of financial performance (total revenue)	1 476 221		1 318 940	
ADD				
Aid assistance		68		221
Prior year unauthorised expenditure approved without funding		-		-
Actual amounts per statement of financial performance (total expenditure)		1 459 552		1 197 262

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2018

Appropriation per economic classification	2017/18							2016/17	
	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	203 970	6 910	-	210 880	207 107	3 773	98.2%	208 130	178 660
Compensation of employees	132 452	-	-	132 452	129 006	3 446	97.4%	129 681	114 022
Salaries and wages	113 816	4 384	-	118 200	115 326	2 874	97.6%	114 879	101 640
Social contributions	18 636	(4 384)	-	14 252	13 681	571	96.0%	14 802	12 382
Goods and services	71 518	6 910	-	78 428	78 101	327	99.6%	78 449	64 638
Administrative fees	1 175	317	(230)	1 262	1 251	11	99.1%	1 693	1 009
Advertising	2 365	73	(955)	1 483	1 413	70	95.3%	2 614	2 072
Minor assets	258	(96)	-	162	159	3	98.4%	329	279
Audit costs: External	3 375	(85)	-	3 290	3 289	1	100.0%	3 190	3 189
Bursaries: Employees	350	(163)	-	187	186	1	99.6%	300	172
Catering: Departmental activities	1 474	2 102	144	3 720	3 712	8	99.8%	3 713	3 507
Communication	1 072	(235)	(54)	783	775	8	99.0%	1 352	1 001
Computer services	6 426	(799)	(660)	4 967	4 965	2	100.0%	2 955	2 949
Consultants: Business and advisory services	6 516	5 343	1 671	13 530	13 524	6	100.0%	10 882	5 067
Legal services	131	(76)	-	55	55	-	99.5%	202	142
Contractors	1 155	1 019	811	2 985	2 980	5	99.8%	1 721	1 352
Agency and support / out-sourced services	830	(230)	(430)	170	170	-	100.0%	103	10
Entertainment	51	(51)	-	-	-	-	-	5	-
Fleet services	550	531	-	1 081	1 072	9	99.2%	1 121	947
Inventory: Clothing material and supplies	1	(1)	-	-	-	-	-	-	-
Consumable supplies	1 107	(452)	(160)	495	487	8	98.3%	479	170

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
VOTE 31

APPROPRIATION STATEMENT
for the year ended 31 March 2018

Appropriation per economic classification	2017/18							2016/17	
	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
Consumable: Stationery, printing and office supplies	2 570	(712)	(850)	1 008	966	42	95.9%	2 396	2 083
Operating leases	15 990	423	2 516	18 929	18 928	1	100.0%	16 579	16 014
Property payments	-	-	-	-	-	-	-	3	-
Travel and subsistence	20 828	2 097	(2 113)	20 812	20 672	140	99.3%	21 139	18 229
Training and development	1 500	211	433	2 144	2 141	3	99.9%	812	501
Operating payments	806	(91)	-	715	705	10	98.7%	1 395	978
Venues and facilities	2 958	(2 446)	(123)	389	387	2	99.6%	5 331	4 906
Rental and hiring	30	231	-	261	260	1	99.8%	135	62
Transfers and subsidies	1 266 146	(7 827)	-	1 258 319	1 245 919	12 400	99,0%	1 105 983	1 015 396
Departmental agencies and accounts	767 301	-	44 000	811 301	811 301	-	100,0%	652 914	652 914
Departmental agencies and accounts	767 301	-	44 000	811 301	811 301	-	100.0%	652 914	652 914
Public corporations and private enterprises	498 845	(8 000)	(44 000)	446 845	434 460	12 385	97,2%	452 872	362 288
Public corporations	10 000	-	-	10 000	10 000	-	100.0%	10 000	10 000
Other transfers to public corporations	10 000	-	-	10 000	10 000	-	100.0%	10 000	10 000
Private enterprises	488 845	(8 000)	(44 000)	436 845	424 460	12 385	97.2%	442 872	352 288
Other transfers to private enterprises	488 845	(8 000)	(44 000)	436 845	424 460	12 385	97.2%	442 872	352 288
Non-profit institutions	-	-	-	-	-	-	-	100	100
Households	-	173	-	173	158	15	91,6%	97	94

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2018

Appropriation per economic classification	2017/18							2016/17	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Social benefits	-	173	-	173	158	15	91.6%	86	94
Other transfers to households	-	-	-	-	-	-	-	11	11
Payments for capital assets	5 554	917	-	6 471	6 458	13	99.8%	4 297	2 957
Machinery and equipment	5 554	(581)	-	4 973	4 960	13	99.7%	4 297	2 957
Transport equipment	3 000	(1 131)	(47)	1 822	1 819	3	99.8%	-	-
Other machinery and equipment	2 554	550	47	3 151	3 141	10	99.7%	4 297	2 957
Intangible assets	-	1 498	-	1 498	1 498	0	100.0%	-	-
Payments for financial assets	-	-	-	-	-	-	-	29	28
Total	1 475 670	-	-	1 475 670	1 459 484	16 186	98.9%	1 318 439	1 197 041

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
VOTE 31

APPROPRIATION STATEMENT

for the year ended 31 March 2018

	2017/18						2016/17		
	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									
Sub programme									
1. Ministry	33 102	(2 150)	143	31 095	30 909	186	99.4%	30 541	29 691
2. Departmental Management	19 312	(1 438)	(493)	17 381	16 895	486	97.2%	16 342	14 514
3. Corporate Services	46 956	(1 118)	881	46 719	45 161	1 558	96.7%	39 433	33 455
4. Financial Management	15 186	2 396	(998)	16 584	16 281	303	98.2%	16 089	14 929
5. Communications	7 058	2 310	(1 436)	7 932	7 754	178	97.8%	8 620	6 335
Total for sub programmes	121 614	-	(1 903)	119 711	116 999	2 712	97.7%	111 025	98 925
Economic classification									
Current payments	116 060	(765)	(1 809)	113 486	110 787	2 699	97.6%	106 889	96 023
Compensation of employees	65 115	-	-	65 115	62 505	2 610	96.0%	57 765	52 230
Salaries and wages	55 962	2 248	-	58 210	56 072	2 138	96.3%	51 573	46 875
Social contributions	9 153	(2 248)	-	6 905	6 433	472	93.2%	6 192	5 354
Goods and services	50 945	(765)	(1 809)	48 371	48 282	89	99.8%	49 124	43 793
Administrative fees	801	28	(265)	564	560	4	99.3%	1 039	516
Advertising	2 365	69	(1 020)	1 414	1 413	1	99.9%	2 390	2 072
Minor assets	200	(50)	-	150	148	2	98.9%	312	266
Audit costs: External	3 375	(85)	-	3 290	3 289	1	100.0%	3 190	3 189
Bursaries: Employees	350	(163)	-	187	186	1	99.6%	300	172
Catering: Departmental activities	785	287	-	1 072	1 069	3	99.7%	1 426	1 227
Communication	778	(81)	(54)	643	640	3	99.6%	1 004	790
Computer services	6 426	(799)	(660)	4 967	4 965	2	100.0%	2 955	2 949
Consultants: Business and advisory services	1 298	(68)	-	1 230	1 228	2	99.8%	2 170	1 345
Legal services	131	(76)	-	55	55	-	99.5%	202	142
Contractors	1 150	(251)	(666)	233	230	3	98.5%	1 180	918

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2018

	2017/18						2016/17		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual expenditure R'000
Agency and support/ outsourced services	830	(230)	(430)	170	170	-	100.0%	93	-
Entertainment	51	(51)	-	-	-	-	-	5	-
Fleet services	512	501	-	1 013	1 009	4	99.6%	975	875
Inventory: Clothing material and supplies	1	(1)	-	-	-	-	-	-	-
Consumable supplies	1 107	(464)	(160)	483	479	4	99.2%	469	166
Consumable: Stationery, printing and office supplies	2 134	(552)	(850)	732	693	39	94.7%	1 885	1 669
Operating leases	15 990	423	2 516	18 929	18 928	1	100.0%	16 407	15 956
Property payments	-	-	-	-	-	-	-	3	-
Travel and subsistence	9 875	917	-	10 792	10 780	12	99.9%	10 894	10 080
Training and development	1 500	118	(97)	1 521	1 519	2	99.9%	671	397
Operating payments	786	(121)	-	665	660	5	99.2%	1 056	865
Venues and facilities	470	(347)	(123)	-	-	-	-	363	138
Rental and hiring	30	231	-	261	260	1	99.8%	135	62
Transfers and subsidies	-	56	-	56	51	5	91.5%	25	25
Households	-	56	-	56	51	5	91.5%	25	25
Social benefits	-	56	-	56	51	5	91.5%	25	25
Payments for capital assets	5 554	709	(94)	6 169	6 161	8	99.9%	4 082	2 849
Machinery and equipment	5 554	(789)	(94)	4 671	4 663	8	99.8%	4 082	2 849
Transport equipment	3 000	(1 131)	(47)	1 822	1 819	3	99.8%	-	-
Other machinery and equipment	2 554	342	(47)	2 849	2 844	5	99.8%	4 082	2 849
Intangible assets	-	1 498	-	1 498	1 498	-	100.0%	-	-
Payments for financial assets	-	-	-	-	-	-	-	29	28
Total	121 614	-	(1 903)	119 711	116 999	2 712	97.7%	111 025	98 925

**DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
VOTE 31**

APPROPRIATION STATEMENT

for the year ended 31 March 2018

	2017/18						2016/17		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual expenditure R'000
1.1 MINISTRY									
Economic classification									
Current payments	30 102	(1 248)	190	29 044	28 861	183	99.4%	30 387	29 540
Compensation of employees	21 926	(1 886)	-	20 040	19 871	169	99.2%	20 911	20 409
Goods and services	8 176	638	190	9 004	8 990	14	99.8%	9 476	9 132
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	3 000	(902)	(47)	2 051	2 047	4	99.8%	154	151
Machinery and equipment	3 000	(902)	(47)	2 051	2 047	4	99.8%	154	151
Total	33 102	(2 150)	143	31 095	30 909	186	99.4%	30 541	29 691
1.2 DEPARTMENTAL MANAGEMENT									
Economic classification									
Current payments	19 312	(1 531)	(493)	17 288	16 808	480	97.2%	16 302	14 502
Compensation of employees	13 984	(1 357)	-	12 627	12 154	473	96.3%	10 895	10 308
Goods and services	5 328	(174)	(493)	4 661	4 654	7	99.8%	5 407	4 194
Transfers and subsidies	-	32	-	32	28	4	88.2%	-	-
Households	-	32	-	32	28	4	88.2%	-	-
Payments for capital assets	-	61	-	61	59	2	97.1%	40	12
Machinery and equipment	-	61	-	61	59	2	97.1%	40	12
Total	19 312	(1 438)	(493)	17 381	16 895	486	97.2%	16 342	14 514

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2018

	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.3 CORPORATE SERVICES									
Economic classification									
Current payments	44 402	(2 573)	928	42 757	41 201	1 556	96.4%	35 915	30 829
Compensation of employees	17 930	(1 077)	-	16 853	15 323	1 530	90.9%	13 303	11 228
Goods and services	26 472	(1 496)	928	25 904	25 878	26	99.9%	22 612	19 601
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	25	25
Households	-	-	-	-	-	-	-	25	25
Payments for capital assets	2 554	1 455	(47)	3 962	3 960	2	100.0%	3 493	2 601
Machinery and equipment	2 554	(43)	(47)	2 464	2 462	2	99.9%	3 493	2 601
Intangible assets	-	1 498	-	1 498	1 498	0	100.0%	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	46 956	(1 118)	881	46 719	45 161	1 558	96.7%	39 433	33 455

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
VOTE 31

APPROPRIATION STATEMENT
for the year ended 31 March 2018

	2017/18						2016/17		
	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	15 186	2 315	(998)	16 503	16 201	302	98.2%	15 943	14 838
Compensation of employees	9 384	1 969	-	11 353	11 085	268	97.6%	10 267	9 261
Goods and services	5 802	346	(998)	5 150	5 116	34	99.3%	5 676	5 577
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	24	-	24	23	1	95.9%	-	-
Households	-	24	-	24	23	1	95.9%	-	-
Payments for capital assets	-	57	-	57	57	-	99.4%	117	63
Machinery and equipment	-	57	-	57	57	-	99.4%	117	63
Payments for financial assets	-	-	-	-	-	-	-	29	28
Total	15 186	2 396	(998)	16 584	16 281	303	98.2%	16 089	14 929

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2018

	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.5 COMMUNICATIONS									
Economic classification									
Current payments	7 058	2 272	(1 436)	7 894	7 716	178	97.7%	8 342	6 313
Compensation of employees	1 891	2 351	-	4 242	4 073	169	96.0%	2 389	1 024
Goods and services	5 167	(79)	(1 436)	3 652	3 644	8	99.8%	5 953	5 289
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	38	-	38	38	-	99.3%	278	23
Machinery and equipment	-	38	-	38	38	-	99.3%	278	23
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	7 058	2 310	(1 436)	7 932	7 754	178	97.8%	8 620	6 335

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
VOTE 31

APPROPRIATION STATEMENT
for the year ended 31 March 2018

	2017/18						2016/17		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual expenditure R'000
Sub programme									
1. Policy, Research and Legislation	7 230	3 739	419	11 388	10 823	565	95,0%	23 756	13 645
2. Monitoring and Evaluation	6 657	(4 073)	(499)	2 085	2 079	6	99,7%	2 079	204
3. International Relations	4 112	334	(595)	3 851	3 846	5	99,9%	-	-
Total for sub programmes	17 999	-	(675)	17 324	16 748	576	96,7%	25 835	13 848
Economic classification									
Current payments	17 999	(31)	(681)	17 287	16 713	574	96,7%	25 742	13 813
Compensation of employees	10 800	-	-	10 800	10 244	556	94,8%	14 186	10 252
Salaries and wages	8 846	841	-	9 687	9 192	495	94,9%	11 838	9 166
Social contributions	1 954	(841)	-	1 113	1 052	61	94,5%	2 348	1 085
Goods and services	7 199	(31)	(681)	6 487	6 469	18	99,7%	11 556	3 562
Administrative fees	60	30	-	90	88	2	97,4%	219	85
Minor assets	55	(55)	-	-	-	-	-	17	13
Catering: Departmental activities	90	65	-	155	154	1	99,4%	266	217
Communication	86	(63)	-	23	21	2	92,0%	181	47
Computer services	-	-	-	-	-	-	-	-	-
Consultants: Business and advisory services	3 180	1 212	419	4 811	4 809	2	100,0%	6 677	1 687
Contractors	-	-	-	-	-	-	-	19	5
Agency and support / outsourced services	-	-	-	-	-	-	-	10	10
Fleet services	-	5	-	5	3	2	53,4%	68	6
Consumable supplies	-	3	-	3	2	1	51,3%	2	1

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APPROPRIATION STATEMENT
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Consumable: Stationery, printing and office supplies	97	(75)	-	22	22	0	99,0%	168	78
Operating leases	-	-	-	-	-	-	-	115	4
Travel and subsistence	3 461	(987)	(1 100)	1 374	1 367	7	99,5%	3 137	1 118
Training and development	-	-	-	-	-	-	-	125	88
Operating payments	-	4	-	4	3	1	80,1%	152	-
Venues and facilities	170	(170)	-	-	-	-	-	400	200
Transfers and subsidies	-	-	-	-	-	-	-	1	-
Households	-	-	-	-	-	-	-	1	-
Social benefits	-	-	-	-	-	-	-	1	-
Payments for capital assets	-	31	6	37	35	2	94,8%	92	35
Machinery and equipment	-	31	6	37	35	2	94,8%	92	35
Other machinery and equipment	-	31	6	37	35	2	94,8%	92	35
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	17 999	-	(675)	17 324	16 748	576	96,7%	25 835	13 848

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
VOTE 31

APPROPRIATION STATEMENT
for the year ended 31 March 2018

	2017/18						2016/17		
	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	7 230	3 713	419	11 362	10 798	564	95.0%	23 664	13 610
Current payments	2 705	2 903	-	5 608	5 053	555	90.1%	13 896	10 252
Compensation of employees	4 525	810	419	5 754	5 745	9	99.8%	9 768	3 359
Goods and services	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	1	-
Households	-	-	-	-	-	-	-	1	-
Payments for capital assets	-	26	-	26	25	1	97.2%	91	34
Machinery and equipment	-	26	-	26	25	1	97.2%	91	34
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	7 230	3 739	419	11 388	10 823	565	95.0%	23 756	13 645

	2017/18						2016/17		
	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	6 657	(4 078)	(500)	2 079	2 074	5	99.8%	2 078	203
Current payments	5 481	(3 645)	-	1 836	1 836	0	100.0%	290	-
Compensation of employees	1 176	(433)	(500)	243	238	5	98.0%	1 788	203
Goods and services	-	5	1	6	5	1	84.1%	1	1
Payments for capital assets	-	5	1	6	5	1	84.1%	1	1
Machinery and equipment	-	5	1	6	5	1	84.1%	1	1
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	6 657	(4 073)	(499)	2 085	2 079	6	99.7%	2 079	204

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2018

2.3 INTERNATIONAL RELATIONS	2017/18						2016/17		
	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	4 112	334	(600)	3 846	3 841	5	99.9%	-	-
Compensation of employees	2 614	742	-	3 356	3 355	1	100.0%	-	-
Goods and services	1 498	(408)	(600)	490	486	4	99.2%	-	-
Payments for capital assets	-	-	5	5	5	0	95.6%	-	-
Machinery and equipment	-	-	5	5	5	0	95.6%	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	4 112	334	(595)	3 851	3 846	5	99.9%	-	-

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
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APPROPRIATION STATEMENT
for the year ended 31 March 2018

Programme 3: SMALL, MEDIUM AND MICRO ENTERPRISES AND COOPERATIVES PROGRAMME DESIGN AND SUPPORT										
	2017/18					2016/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
Sub programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
1. Competitiveness Support	91 023	296	(43 384)	47 935	40 196	7 739	83.9%	68 024	11 991	
2. Enterprise Development	794 152	6 722	44 277	845 151	845 037	114	100.0%	690 246	689 920	
3. Cooperatives Development	7 976	1 782	8	9 766	9 754	12	99.9%	5 749	5 447	
4. Market Development	83 817	(3 156)	1 634	82 295	77 340	4 955	94.0%	49 489	20 940	
5. Small Medium and Micro Enterprises Development Finance	359 089	(5 644)	43	353 488	353 410	78	100.0%	368 071	355 970	
Total for sub programmes	1 336 057	-	2 578	1 338 635	1 325 737	12 898	99.0%	1 181 579	1 084 267	
Economic classification										
Current payments	69 911	7 706	2 490	80 107	79 607	500	99.4%	75 499	68 824	
Compensation of employees	56 537	-	-	56 537	56 258	279	99.5%	57 730	51 541	
Salaries and wages	49 008	1 295	-	50 303	50 062	241	99.5%	51 468	45 598	
Social contributions	7 529	(1 295)	-	6 234	6 196	38	99.4%	6 262	5 942	
Goods and services	13 374	7 706	2 490	23 570	23 350	220	99.1%	17 769	17 283	
Administrative fees	314	259	35	608	604	4	99.3%	435	408	
Advertising	-	4	65	69	-	69	-	224	0	
Minor assets	3	9	-	12	11	1	92.2%	-	-	
Catering: Departmental activities	599	1 750	144	2 493	2 489	4	99.8%	2 021	2 062	
Communication	208	(91)	-	117	114	3	97.2%	167	163	
Consultants: Business and advisory services	2 038	4 199	1 252	7 489	7 487	2	100.0%	2 035	2 034	
Contractors	5	1 270	1 477	2 752	2 750	2	99.9%	522	429	

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
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APPROPRIATION STATEMENT
for the year ended 31 March 2018

Programme 3: SMALL, MEDIUM AND MICRO ENTERPRISES AND COOPERATIVES PROGRAMME DESIGN AND SUPPORT											
	2017/18						2016/17				
	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		R'000
Fleet services	38	25	-	63	60	3	96.0%	78	66		66
Consumable supplies	-	9	-	9	6	3	68.0%	8	3		3
Consumable: Stationery, printing and office supplies	339	(85)	-	254	251	3	98.9%	343	337		337
Operating leases	-	-	-	-	-	-	-	57	54		54
Travel and subsistence	7 492	2 167	(1 013)	8 646	8 524	122	98.6%	7 108	7 031		7 031
Training and development	-	93	530	623	622	1	99.8%	16	16		16
Operating payments	20	26	-	46	43	3	92.9%	187	113		113
Venues and facilities	2 318	(1 929)	-	389	387	2	99.6%	4 568	4 568		4 568
Transfers and subsidies	1 266 146	(7 883)	-	1 258 263	1 245 868	12 395	99.0%	1 105 957	1 015 371		1 015 371
Departmental agencies and accounts	767 301	-	44 000	811 301	811 301	-	100.0%	652 914	652 914		652 914
Departmental agencies	767 301	-	44 000	811 301	811 301	-	100.0%	652 914	652 914		652 914
Public corporations and private enterprises	498 845	(8 000)	(44 000)	446 845	434 460	12 385	97.2%	452 872	362 288		362 288
Public corporations	10 000	-	-	10 000	10 000	-	100.0%	10 000	10 000		10 000
Other transfers to public corporations	10 000	-	-	10 000	10 000	-	100.0%	10 000	10 000		10 000
Private enterprises	488 845	(8 000)	(44 000)	436 845	424 460	12 385	97.2%	442 872	352 288		352 288
Other transfers to private enterprises	488 845	(8 000)	(44 000)	436 845	424 460	12 385	97.2%	442 872	352 288		352 288
Non-profit institutions	-	-	-	-	-	-	-	100	100		100
Households	-	117	-	117	107	10	91.6%	71	69		69
Social benefits	-	117	-	117	107	10	91.6%	60	59		59
Other transfers to households	-	-	-	-	-	-	-	11	11		11

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2018

Programme 3: SMALL, MEDIUM AND MICRO ENTERPRISES AND COOPERATIVES PROGRAMME DESIGN AND SUPPORT									
2017/18									
	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
Payments for capital assets	-	177	88	265	262	3	98.8%	123	72
Machinery and equipment	-	177	88	265	262	3	98.8%	123	72
Other machinery and equipment	-	177	88	265	262	3	98.8%	123	72
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	1 336 057	-	2 578	1 338 635	1 325 737	12 898	99.0%	1 181 579	1 084 267

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2018

	2017/18							2016/17	
	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
3.1 COMPETITIVENESS SUPPORT									
Economic classification									
Current payments	13 217	224	595	14 036	13 685	351	97.5%	14 316	11 929
Compensation of employees	10 652	(457)	-	10 195	9 931	264	97.4%	11 208	8 780
Goods and services	2 565	681	595	3 841	3 754	87	97.7%	3 108	3 149
Interest and rent on land									
Transfers and subsidies	77 806	24	(44 000)	33 830	26 443	7 387	78.2%	53 598	-
Public corporations and private enterprises	77 806	-	(44 000)	33 806	26 422	7 384	78.2%	53 598	-
Households	-	24	-	24	21	3	85.8%	-	-
Payments for capital assets	-	48	21	69	68	1	99.0%	110	62
Machinery and equipment	-	48	21	69	68	1	99.0%	110	62
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	91 023	296	(43 384)	47 935	40 196	7 739	83.9%	68 024	11 991

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
VOTE 31

APPROPRIATION STATEMENT
for the year ended 31 March 2018

3.2 ENTERPRISE DEVELOPMENT	2017/18							2016/17	
	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	16 851	6 623	273	23 747	23 634	113	99.5%	27 158	26 833
Compensation of employees	12 954	693	-	13 647	13 645	2	100.0%	18 438	18 384
Goods and services	3 897	5 930	273	10 100	9 988	112	98.9%	8 720	8 449
Interest and rent on land									
Transfers and subsidies	777 301	84	44 000	821 385	821 385	0	100.0%	663 083	663 082
Departmental agencies and accounts	767 301	-	44 000	811 301	811 301	-	100.0%	652 914	652 914
Public corporations and private enterprises	10 000	-	-	10 000	10 000	-	100.0%	10 000	10 000
Non-profit institutions	-	-	-	-	-	-	-	100	100
Households	-	84	-	84	84	0	99.6%	69	68
Payments for capital assets	-	15	4	19	19	0	99.6%	5	5
Machinery and equipment	-	15	4	19	19	0	99.6%	5	5
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	794 152	6 722	44 277	845 151	845 037	114	100.0%	690 246	689 920

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2018

	2017/18							2016/17	
	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
3.3 COOPERATIVES DEVELOPMENT									
Economic classification									
Current payments	7 976	1 742	-	9 718	9 712	6	99.9%	5 742	5 441
Compensation of employees	5 021	348	-	5 369	5 368	1	100.0%	3 416	3 310
Goods and services	2 955	1 394	-	4 349	4 344	5	99.9%	2 326	2 131
Transfers and subsidies	-	-	-	-	(5)	5	-	2	1
Households	-	-	-	-	(5)	5	-	2	1
Payments for capital assets	-	40	8	48	47	1	98.5%	5	4
Machinery and equipment	-	40	8	48	47	1	98.5%	5	4
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	7 976	1 782	8	9 766	9 754	12	99.9%	5 749	5 447

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
VOTE 31

APPROPRIATION STATEMENT
for the year ended 31 March 2018

	2017/18							2016/17	
	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	8 278	(3 185)	1 622	6 715	6 700	15	99.8%	3 214	540
Compensation of employees	7 139	(3 135)	-	4 004	3 997	7	99.8%	2 655	-
Goods and services	1 139	(50)	1 622	2 711	2 703	8	99.7%	559	540
Interest and rent on land									
Transfers and subsidies	75 539	9	-	75 548	70 608	4 940	93.5%	46 274	20 400
Public corporations and private enterprises	75 539	-	-	75 539	70 600	4 939	93.5%	46 274	20 400
Households	-	9	-	9	8	1	91.0%	-	-
Payments for capital assets	-	20	12	32	31	1	98.2%	1	-
Machinery and equipment	-	20	12	32	31	1	98.2%	1	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	83 817	(3 156)	1 634	82 295	77 340	4 955	94.0%	49 489	20 940

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2018

	2017/18							2016/17	
	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	23 589	2 302	-	25 891	25 877	14	99.9%	25 069	24 081
Compensation of employees	20 771	2 551	-	23 322	23 317	5	100.0%	22 013	21 066
Goods and services	2 818	(249)	-	2 569	2 560	9	99.6%	3 056	3 014
Interest and rent on land									
Transfers and subsidies	335 500	(8 000)	-	327 500	327 438	62	100.0%	343 000	331 888
Public corporations and private enterprises	335 500	(8 000)	-	327 500	327 438	62	100.0%	343 000	331 888
Payments for capital assets	-	54	43	97	96	1	98.9%	2	2
Machinery and equipment	-	54	43	97	96	1	98.9%	2	2
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	359 089	(5 644)	43	353 488	353 410	78	100.0%	368 071	355 970



DEPARTMENT OF SMALL BUSINESS DEVELOPMENT

VOTE 31

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2018

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-H) 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	119 711	116 999	2 712	2.3%
Small Medium and Micro Enterprises and Cooperatives Policy and Research	17 324	16 748	576	3.3%
Small Medium and Micro Enterprises and Cooperatives Programme Design and Support	1 338 635	1 325 737	12 898	1%
Total	1 475 670	1 459 484	16 186	1.1%

Administration: The Programme spent R117 million (97.7%) of the adjusted budget of R119.37 million, resulting in a variance of R2.7 million (2.3%). With the allocated resources Programme One spent R18.9 million on operating leases for office accommodation, leased vehicles and printing machines, R5 million on computer services, desktop services provided by SITA, Logis and Persal mainframe time and the Microsoft licences, R3.3 million on regulatory audit fees by the Auditor General, as well as R10.7 million for travel and subsistence on official trips.

Medium and Micro Enterprises and Cooperatives: Policy and Research: The Programme spent R16.7 million (96.7%) of the adjusted budget of R17.3 million, resulting in an under expenditure of R576 thousand (3.3%). Under expenditure occurred largely on Compensation of Employees due to vacant posts.

Medium and Micro Enterprises and Cooperatives Programme Design and Support: Programme Three was R1.326 billion (99%) of the adjusted budget of R1.339 billion, resulting in an under expenditure of R12.9 million (1%). The under expenditure occurred largely on transfers (R12.4 million) due to payments not made towards Shared Enterprise infrastructure Facility (R7.4 million), Black Business Supplier Development Programme (R7 thousand) and Enterprise Incubation Programme (R4.9 million)

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT

VOTE 31

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2018

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Current payments	210 880	207 107	3 773	1.8%
Compensation of employees	132 452	129 006	3 446	2.6%
Goods and services	78 428	78 101	327	0.4%
Interest and rent on land	-	-	-	-
Transfers and subsidies	1 258 319	1 245 919	12 400	1%
Departmental agencies and accounts	811 301	811 301	-	0%
Public corporations and private enterprises	446 845	434 460	12 385	2.8%
Households	173	158	15	8.4%
Payments for capital assets	6 471	6 458	13	0.2%
Machinery and equipment	4 973	4 960	13	0.3%
Intangible assets	1 498	1 498	0	0%

DSBD was allocated an adjusted budget of R1.476 billion for the 2017/18 financial year. As at 31 March 2018, expenditure was R1.459 billion which translates to 98.9% of the adjusted budget, resulting in a R16.2 million (1.1%) under spending for the year. The main contributor being transfers amounting to R12.400 million. Part of the transfers (R9.923 million) could not be disbursed as beneficiaries did not meet the milestone reporting requirements. These relate to the Shared Economic Infrastructure Framework (R4.984 million) and the Enterprise Incubation Programme (R4.939 million).

Compensation of Employees: The Department spent R129 million (97.4%) of the adjusted of R132.5 million. The overall under expenditure on personnel amounted to R3.4 million (2.6%) of the adjusted budget as a result of existing vacancies. As at 31 March 2018, the vacancy rate stood at 11.9% of 241 posts.

Goods and services expenditure was R78.1 million or (99.9%) of the adjusted budget of R78.4 million which constitutes an under spending of (0.4%) or R327 thousands.

The main cost drivers were travel and accommodation (R20.7 million), operating leases (R18.9 million), consultancy services (R13.5 million), catering (R3.7 million), regulatory audits (R3.3 million), training and development (R2.1 million), advertising (R1.4 million) and travel related administrative fees (R1.2 million).

The pressure on goods and services was mainly from the following:

- Commitments worth R7 million from the previous financial year (2016/17) were honoured with the 2017/18 allocation. These related to research projects (R3 million) of which a roll over request was declined by National Treasury, Information Technology services and Logis orders and accruals amounting to R4.2 million.
- Higher than anticipated cost for office space as the department had projected R13 million at the beginning of the financial year whilst actual expenditure amounted to R16.9 million. **the dti** had not been billing the DSBD for the Ministry occupied space.
- Projects such as CISMEF (R2 million) and Demo Africa (R5 million of which R2.1 million is yet to be paid) which were originally not funded at the beginning of the financial year.



DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
VOTE 31
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2018

Transfer payments expenditure was R1.246 billion of the adjusted budget of R1.258 billion, which constitutes an under spending of R12.4 million (1%).

The transfers that contributed to the under expenditure are as follows:

- **SEIF (R7.4 million):** The Makhado Municipality tranche worth R4.8 million could not be processed before the end of the financial year as the agreement was finalised during the third (3rd) quarter, which resulted in the first (1st) tranche only being disbursed in the fourth (4th) quarter. The Stellenbosch Municipality tranche worth R3 million could also not be processed as project start date was also delayed.
- **BBSDP (R7 thousand):** The remaining R7 000 was inadequate to meet any BBSDP claim submitted as the lowest payable claim amounts to R10 500 for network facilitators.
- **EIP (R4.9 million):** The under spending was contributed by slow performance by two (2) beneficiaries, Nunnovation/Steelbest and Nwanedi. Underperformance as the Unit could not disburse three (3) payments amounting to R4.8 million to two (2) existing incubators (Nunnovation/ Steelbest) and one (1) new incubator (Nwanedi new generation) as a result of slow progress on the project and non-compliance to the scheme guidelines.
- **CIS (R55 thousand):** The remaining R55 000 was inadequate to meet any CIS claim submitted by end of March 2018.

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
VOTE 31
STATEMENT OF THE FINANCIAL PERFORMANCE
for the year ended 31 March 2018

	Note	2017/18	2016/17
		R'000	R'000
REVENUE			
Annual appropriation	1	1 475 670	1 318 439
Departmental revenue	2	551	88
Aid assistance	3	-	413
TOTAL REVENUE		1 476 221	1 318 940
EXPENDITURE			
Current expenditure			
Compensation of employees	4	129 007	114 022
Goods and services	5	78 100	64 638
Aid assistance	3	68	221
Total current expenditure		207 175	178 881
Transfers and subsidies			
Transfers and subsidies	7	1 245 919	1 015 396
Aid assistance	3	-	-
Total transfers and subsidies		1 245 919	1 015 396
Expenditure for capital assets			
Tangible assets	8	4 960	2 957
Intangible assets	8	1 498	-
Total expenditure for capital assets		6 458	2 957
Payments for financial assets	6	-	28
TOTAL EXPENDITURE		1 459 552	1 197 262
SURPLUS FOR THE YEAR		16 669	121 678
Reconciliation of Net Surplus/(Deficit) for the year		2017/18	2016/17
Voted funds		16 186	121 398
Annual appropriation		16 186	121 398
Conditional grants		-	-
Departmental revenue and NRF Receipts		551	88
Aid assistance		(68)	192
SURPLUS FOR THE YEAR		16 669	121 678



DEPARTMENT OF SMALL BUSINESS DEVELOPMENT

VOTE 31

STATEMENT OF THE FINANCIAL POSITION

for the year ended 31 March 2018

	Note	2017/18	2016/17
		R'000	R'000
ASSETS			
Current assets		16 566	29 627
Cash and cash equivalents	9	16 047	29 384
Prepayments and advances	10	438	14
Receivables	11	81	229
Non-current assets		1 634	1 377
Receivables	11	1 634	1 377
TOTAL ASSETS		18 200	31 004
LIABILITIES			
Current liabilities		16 728	29 640
Voted funds to be surrendered to the Revenue Fund	12	16 186	29 409
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	54	39
Payables	14	365	-
Aid assistance unutilised	3	123	192
Non-current liabilities		-	-
TOTAL LIABILITIES		16 728	29 640
NET ASSETS		1 472	1 364

	Note	2017/18	2016/17
		R'000	R'000
Represented by:			
Recoverable revenue		1 472	1 364
TOTAL		1 472	1 364

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
VOTE 31
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2018

	Note	2017/18	2016/17
		R'000	R'000
Recoverable revenue			
Opening balance		1 364	1 269
Transfers:		108	95
Irrecoverable amounts written off		-	-
Debts revised		-	-
Debts recovered (included in departmental receipts)		-	-
Debts raised		108	95
Closing balance		1 472	1 364
TOTAL		1 472	1 364



DEPARTMENT OF SMALL BUSINESS DEVELOPMENT

VOTE 31

CASH FLOW STATEMENT

for the year ended 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1 476 221	1 226 951
Annual appropriated funds received	1.1	1 475 670	1 226 450
Departmental revenue received	2	549	88
Interest received	2.2	2	-
Aid assistance received	3	-	413
Net (increase)/decrease in working capital		(168)	770
Surrendered to Revenue Fund		(29 945)	(15 951)
Surrendered to RDP Fund/Donor		(1)	-
Current payments		(207 175)	(178 881)
Payments for financial assets		-	(28)
Transfers and subsidies paid		(1 245 919)	(1 015 396)
Net cash flow available from operating activities	15	(6 987)	17 465
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(6 458)	(2 957)
Net cash flows from investing activities		(6 458)	(2 957)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		108	95
Net cash flows from financing activities		108	95
Net increase/(decrease) in cash and cash equivalents		(13 337)	14 603
Cash and cash equivalents at beginning of period		29 384	14 781
Unrealised gains and losses within cash and cash equivalents		-	-
Cash and cash equivalents at end of period	16	16 047	29 384

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT

VOTE 31

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Summary of significant accounting policies

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

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

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

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



DEPARTMENT OF SMALL BUSINESS DEVELOPMENT
VOTE 31
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

7	Expenditure
7.1	Compensation of employees
7.1.1	<p>Salaries and wages</p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
7.1.2	<p>Social contributions</p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
7.2	<p>Other expenditure</p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>
7.3	<p>Accrued expenditure payable</p> <p>Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department or in the case of transfers and subsidies when they are due and payable.</p> <p>Accrued expenditure payable is measured at cost.</p>
7.4	Leases
7.4.1	<p>Operating leases</p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
7.4.2	<p>Finance leases</p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> • cost being the fair value of the asset; or • the sum of the minimum lease payments made including any payments made to acquire ownership at the end of the lease term excluding interest. • Monthly subscriptions as per the signed contracts
8	Aid Assistance
8.1	<p>Aid assistance received</p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT

VOTE 31

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

9	<p>Cash and cash equivalents</p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</p> <p>For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.</p>
10	<p>Prepayments and advances</p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p> <p>Prepayments are immediately expenses if the terms and conditions of the contract require upfront payment.</p>
11	<p>Loans and receivables</p> <p>Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.</p>
13	<p>Financial assets</p>
13.1	<p>Financial assets (not covered elsewhere)</p> <p>A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial.</p> <p>At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p>
13.2	<p>Impairment of financial assets</p> <p>Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.</p>
14	<p>Payables</p> <p>Loans and payables are recognised in the statement of financial position at cost.</p>
15	<p>Capital Assets</p>
15.2	<p>Movable capital assets</p> <p>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.</p> <p>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.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>



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15.3	<p>Intangible assets</p> <p>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.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>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.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
16	<p>Provisions and Contingents</p>
16.1	<p>Provisions</p> <p>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.</p>
16.2	<p>Contingent liabilities</p> <p>Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.</p>
16.3	<p>Contingent assets</p> <p>Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.</p>
16.4	<p>Commitments</p> <p>Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.</p>
17	<p>Unauthorised expenditure</p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> • approved by Parliament or the Provincial Legislature with funding and the related funds are received; or • approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>

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18	<p>Fruitless and wasteful expenditure</p> <p>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.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</p> <p>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.</p>
19	<p>Irregular expenditure</p> <p>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.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.</p> <p>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.</p>
20	<p>Changes in accounting policies, accounting estimates and errors</p> <p>Changes in accounting policies that are effected by management have been applied retrospectively 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 change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p>
21	<p>Events after the reporting date</p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p>
22	<p>Recoverable revenue</p> <p>Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>
23	<p>Related party transactions</p> <p>A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. 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.</p> <p>Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.</p>



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24	Inventories At the date of acquisition, inventories are recorded at cost price in the notes to the financial statements Where inventories are acquired as part of a non-exchange transaction, the cost of inventory is its fair value at the date of acquisition. Inventories are subsequently measured at the lower of cost and net realisable value or the lower of cost and current replacement value.
25	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

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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):

Programme	2017/18			2016/17	
	Final Appropriation	Actual Funds Received	Funds not requested/not received	Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
Administration	119 711	119 711	-	111 025	106 114
Small Medium And Micro Enterprises And Cooperatives Policy And Research	17 324	17 324	-	25 835	22 404
Small Medium And Micro Enterprises And Cooperatives Programme Design And Support	1 338 635	1 338 635	-	1 181 579	1 097 932
Total	1 475 670	1 475 670	-	1 318 439	1 226 450

2. Departmental revenue

	Note	2017/18	2016/17
		R'000	R'000
Sales of goods and services other than capital assets	2.1	52	88
Interest, dividends and rent on land	2.2	2	-
Transactions in financial assets and liabilities	2.3	497	-
Total revenue collected		551	88
Less: Own revenue included in appropriation		-	-
Departmental revenue collected		551	88

Transactions in financial assets and liabilities consist of service bonus expenditure from the dti relating to 2016/17 FY, money received from Incentives clients who failed to render services; refund from GEMS for 2015 overpayment and disallowance of acting allowance for employees moved from level 11 to 12.

2.1 Sales of goods and services other than capital assets

	Note	2017/18	2016/17
	2	R'000	R'000
Sales of goods and services produced by the department		52	88
Sales by market establishment		26	28
Other sales		26	60
Total		52	88



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2.2 Interest, dividends and rent on land

	Note	2017/18	2016/17
	2	R'000	R'000
Interest		2	-
Total		2	-

2.3 Transactions in financial assets and liabilities

	Note	2017/18	2016/17
	2	R'000	R'000
Other Receipts including Recoverable Revenue		497	-
Total		497	-

*This consist of service bonus expenditure from **the dti** (R20 261. 34) relating to 2016/17 FY, money recovered from approved incentives instruments providers who failed to render services (R120 685.38); refund from GEMS (R303 923.00) for 2015 overpayment; and disallowance of acting allowance for employees moved from level 11 to 12 (R52 019. 81).*

3. Aid assistance

	Note	2017/18	2016/17
		R'000	R'000
Opening Balance		192	-
Prior period error		-	-
As restated		192	-
Transferred from statement of financial performance		(68)	192
Paid during the year		(1)	-
Closing Balance		123	192

*Donor funds from the **African Development Bank**: R412 561. 00 - R221 308. 54 = R191 252. 46. The closing balance of 2016/17 AFS is R1K more than the opening balance of 2017/18FYE due to rounding R192K (R413k - R221k).*

National Treasury Technical Team couldn't provide solution, thus we've decided to less R1K as paid during the year to balance cash flow statement with cash and cash equivalent.

3.1 Analysis of balance by source

	Note	2017/18	2016/17
		R'000	R'000
Aid assistance from other sources	3	123	192
Closing balance		123	192

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3.2 Analysis of balance

		2017/18	2016/17
	Note	R'000	R'000
Aid assistance unutilised	3	123	192
Closing balance		123	192
Aid assistance not requested/not received		-	-

3.3 Prior period error

	Note		2016/17
			R'000
Nature of prior period error			
Relating to 2016/17 [affecting the opening balance]		-	-
Relating to 2016/17	3	-	1
Total prior period errors		-	1

R412 561.00 - R221 308.54 = R191 252.46. The closing balance of 2016/17 AFS is R1k more than the opening balance of 2017/18 FYE due to rounding R192K (R413k - R221k).

3.4 Aid assistance expenditure per economic classification

		2017/18	2016/17
	Note	R'000	R'000
Current		68	-
Total aid assistance expenditure		68	-



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4. Compensation of employees

4.1 Salaries and Wages

	Note	2017/18	2016/17
	4	R'000	R'000
Basic salary		88 172	77 379
Performance award		429	1 069
Service Based		27	280
Compensative/circumstantial		2 689	2 467
Periodic payments		1 270	640
Other non-pensionable allowances		22 739	19 805
Total		115 326	101 640

4.1 Social contributions

	Note	2017/18	2016/17
	4	R'000	R'000
Employer contributions			
Pension		10 947	9 758
Medical		2 717	2 611
Bargaining council		17	13
Total		13 681	12 382

Total compensation of employees	129 007	114 022
Average number of employees	206	186

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5. Goods and services

	Note	2017/18 R'000	2016/17 R'000
Administrative fees		1 252	1 008
Advertising		1 413	2 072
Minor assets	5.1	160	279
Bursaries (employees)		186	172
Catering		3 712	3 507
Communication		775	1 001
Computer services	5.2	4 965	2 949
Consultants: Business and advisory services		13 524	5 066
Legal services		55	142
Contractors		2 980	1 352
Agency and support / outsourced services		170	10
Audit cost – external	5.3	3 289	3 189
Fleet services		1 073	947
Consumables	5.4	1 453	2 253
Operating leases		18 928	16 014
Property payments	5.5	-	1
Rental and hiring		260	62
Travel and subsistence	5.6	20 672	18 229
Venues and facilities		387	4 906
Training and development		2 141	501
Other operating expenditure	5.7	705	978
Total		78 100	64 638

Key cost drivers

- **Travel and Subsistence:** This is the highest spending item under goods and services and is due to the nature of the business that the department provides which often requires officials to travel constantly for inspections of projects related to incentive schemes.
- **Operating lease:** The operating lease expenditure is largely made of payments made towards **the dti** for office space rental. The department assumed occupation of 3966 m² (2 full floors) on Block G as well as 529 m² in block A (Ministry).
- **Consultants:** Comparative analysis of the National Small Business Act; taxonomy, domain and evidence mapping for DSBD web based research.
- **Computer services:** Payments to SITA for the desktop support services provided to DSBD
- **Catering:** The expenditure is largely due to the annual International Cooperatives Day event. The department also provided refreshments when conducting training informal traders.
- **Audit costs:** The expenditure is for the audit work carried out by AG during the period under review
- **Training and development:** Expenditure incurred in providing training to beneficiaries (R405 thousand) and employees (R1.74 million)
- **Contractors:** The expenditure is largely due to the annual International Cooperatives Day event.



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5.1 Minor assets

	Note	2017/18	2016/17
	5	R'000	R'000
Tangible assets		160	279
Machinery and equipment		160	279
Total		160	279

5.2 Computer services

	Note	2017/18	2016/17
	5	R'000	R'000
SITA computer services		3 866	2 797
External computer service providers		1 099	152
Total		4 965	2 949

SITA Mainframe time, Desktop support, Licencing and Server Management services

5.3 Audit cost – External

	Note	2017/18	2016/17
	5	R'000	R'000
Regularity audits		3 289	3 189
Total		3 289	3 189

Audits by the Auditor General

5.4 Consumables

	Note	2017/18	2016/17
	5	R'000	R'000
Consumable supplies		486	170
Uniform and clothing		39	6
Household supplies		118	116
Building material and supplies		6	10
Communication accessories		196	-
IT consumables		102	5
Other consumables		25	33
Stationery, printing and office supplies		967	2 083
Total		1 453	2 253

Other consumables consists of gifts bought for employees hospitalised and departmental access cards/keys.

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5.5 Property payments

	Note	2017/18	2016/17
	5	R'000	R'000
Other		-	1
Total		-	1

5.6 Travel and subsistence

	Note	2017/18	2016/17
	5	R'000	R'000
Local		16 054	13 745
Foreign		4 618	4 484
Total		20 672	18 229

High spending due to the nature of service that the department provides which often requires officials to travel constantly for inspections of projects related to incentive schemes.

5.7 Other operating expenditure

	Note	2017/18	2016/17
	5	R'000	R'000
Professional bodies, membership and subscription fees		2	1
Resettlement costs		4	163
Other		699	814
Total		705	978

Other: printing, publication and courier services



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6. Payments for financial assets

	Note	2017/18	2016/17
		R'000	R'000
Debts written off	6.1	-	28
Total		-	28

6.1 Debts written off

	Note	2017/18	2016/17
	6	R'000	R'000
Nature of debts written off			
Other debt written off		-	28
Total		-	28
Total debt written off		-	28

Relates to advances issued to 4 high school learners who travelled to Brazil during the 2015/16 financial year as part of the Techno Girls programme, as well as a long outstanding (2012) recoverable performance bonus that was disputed by an employee and recommended by the Office of the State Attorney to write it off.

7. Transfers and subsidies

		2017/18	2016/17
		R'000	R'000
	Note		
Departmental agencies and accounts	Annex 1A	811 301	652 914
Public corporations and private enterprises	Annex 1B	434 460	362 288
Non-profit institutions	Annex 1C	-	100
Households	Annex 1D	158	94
Total		1 245 919	1 015 396

Transfers to Seda, incentives and leave discounting.

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8. Expenditure for capital assets

	Note	2017/18 R'000	2016/17 R'000
Tangible assets		4 960	2 957
Machinery and equipment	26	4 960	2 957
Intangible assets		1 498	-
Software	27	1 498	-
Total		6 458	2 957

8.1. Analysis of funds utilised to acquire capital assets – 2017/18

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	4 960	-	4 960
Machinery and equipment	4 960	-	4 960
Intangible assets	1 498	-	1 498
Software	1 498	-	1 498
Total	6 458	-	6 458

8.2. Analysis of funds utilised to acquire capital assets – 2016/17

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	2 957	-	2 957
Machinery and equipment	2 957	-	2 957
Total	2 957	-	2 957

8.3. Finance lease expenditure included in Expenditure for capital assets

	Note	2017/18 R'000	2016/17 R'000
Tangible assets			
Machinery and equipment		1 266	79
Total		1 266	79

For cell phone contract with Vodacom and Konica Minolta photocopier machines contract.



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9. Cash and cash equivalents

	Note	2017/18	2016/17
		R'000	R'000
Consolidated Paymaster General Account		15 981	29 318
Cash on hand		66	66
Total		16 047	29 384

10. Prepayments and advances

	Note	2017/18	2016/17
		R'000	R'000
Staff advances		11	14
Travel and subsistence	10.1	427	-
Total		438	14

R11k relates to salary advanced to DSBD official in line with the departmental policy, R73k to DIRCO for foreign trips and R354k to GCIS for advertising and media coverage.

10.1 Advances paid (Not expensed)

	Note	Balance as at 1 April 2017	Less: Amount expensed in current year	Add: Current Year prepayments	Balance as at 31 March 2018
	10	R'000	R'000	R'000	R'000
National departments		-	2 192	2 619	427
Total		-	2 192	2 619	427

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11. Receivables

	Note	2017/18			2016/17		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Staff debt	11.1	49	17	66	81	16	97
Other debtors	11.2	32	1 617	1 649	148	1 361	1 509
Total		81	1 634	1 715	229	1 377	1 606

11.1 Staff debt

	Note	2017/18	2016/17
	11	R'000	R'000
Salary Overpayment		48	81
Tax Debt		17	16
Bursary		1	
Total		66	97

Staff debt is made of performance tax debt, bursary debt as well as salary overpayment for ex-employees.

11.2 Other debtors

	Note	2017/18	2016/17
	11	R'000	R'000
Grants incentives overpayment or non-performance		1 649	1 509
Total		1 649	1 509

Balance owing from an overpayment to service providers related to the Black Business Supplier Development Programme (BBSDP) and Cooperatives Incentives Scheme (CIS).



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12. Voted funds to be surrendered to the Revenue Fund

	Note	2017/18	2016/17
		R'000	R'000
Opening balance		29 409	15 900
Prior period error			
As restated		29 409	15 900
Transfer from statement of financial performance (as restated)		16 186	121 398
Add: Unauthorised expenditure for current year		-	-
Voted funds not requested/not received	1.1	-	(91 989)
Paid during the year		(29 409)	(15 900)
Closing balance		16 186	29 409

Funds requested but not utilised by the 31st of March 2018

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

	Note	2017/18	2016/17
		R'000	R'000
Opening balance		39	2
Prior period error		-	-
As restated		39	2
Transfer from Statement of Financial Performance (as restated)		551	88
Own revenue included in appropriation		-	-
Transfer from aid assistance		-	-
Paid during the year		(536)	(51)
Closing balance		54	39

14. Payables – current

	Note	2017/18	2016/17
		R'000	R'000
Clearing accounts	14.1	365	-
Total		365	-

Income tax and Pension fund interfaced in April 2018

14.1 Clearing accounts

	Note	2017/18	2016/17
	14	R'000	R'000
Income tax		239	-
Pension fund		126	-
Total		365	-

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15. Net cash flow available from operating activities

	Note	2017/18	2016/17
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		16 669	121 678
Add back non cash/cash movements not deemed operating activities		(23 656)	(104 213)
(Increase)/decrease in receivables – current		(109)	(204)
(Increase)/decrease in prepayments and advances		(424)	975
Increase/(decrease) in payables – current		365	(1)
Expenditure on capital assets		6 458	2 957
Surrenders to Revenue Fund		(29 945)	(15 951)
Surrenders to RDP Fund/Donor		(1)	-
Voted funds not requested/not received		-	(91 989)
Net cash flow generated by operating activities		(6 987)	17 465

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

	Note	2017/18	2016/17
		R'000	R'000
Consolidated Paymaster General account		15 981	29 318
Cash on hand		66	66
Cash with commercial banks (Local)		-	-
Total		16 047	29 384

17. Contingent liabilities and contingent assets

17.1. Contingent assets

	Note	2017/18	2016/17
		R'000	R'000
Nature of contingent asset			
Incentives		1 440	1 125
9 BBSDP related claims lodged with the office of the State Attorney (Amounts still to be determined)		-	-
Total		1 440	1 125

Litigation matter to the recovery of fraudulent claims and benefits within the incentive scheme.

Litigation matters transferred from **the dti** where recovery processes were instituted against companies for fraudulent claims and benefits in the amount of R1 125 000. A letter to transfer back the contingent assets to the dti has since been submitted to the dti in terms of S32 (1) (d) of the Public Service Regulations 2016.



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18. Commitments

	Note	2017/18 R'000	2016/17 R'000
Current expenditure		14 945	6 529
Approved and contracted		14 945	6 529
Approved but not yet contracted		-	-
Capital expenditure			
Approved and contracted		40	
Approved but not yet contracted		-	-
Total Commitments		14 985	6 529

R3.9 million more than a year.

19. Accruals and payables not recognised

19.1 Accruals

			2017/18 R'000	2016/17 R'000
Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	2 306	824	3 130	2338
Interest and rent on land				
Transfers and subsidies	42		42	-
Capital assets	165	91	256	-
Other				
Total	2 513	915	3 428	2 338

	Note	2017/18 R'000	2016/17 R'000
Listed by programme level			
Administration		1 878	1 319
Small Medium and Micro Enterprises And Cooperatives Policy And Research		838	56
Small Medium and Micro Enterprises And Cooperatives Programme Design And Support		713	962
Total		3 428	2 338

Accruals for activities that took place during 2017/18 financial year but invoices received in the current financial year (2018/19). The figures are preliminary and they will be updated before final submission.

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20. Employee benefits

	Note	2017/18	2016/17
		R'000	R'000
Leave entitlement		4 384	4 027
Service bonus (Thirteenth cheque)		2 888	2 631
Performance awards		1 987	1 771
Capped leave commitments		958	777
Other		31	20
Total		10 248	9 226

Other: Long service awards.

21. Lease commitments

21.1 Operating leases

2017/18	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	18 340	-	18 340
Later than 1 year and not later than 5 years	-	-	19 856	-	19 856
Later than five years	-	-	-	-	-
Total lease commitments	-	-	38 196	-	38 196

2016/17	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	-	-
Later than 1 year and not later than 5 years	-	-	-	-	-
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	-	-

Office rental



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21.2 Finance leases **

2017/18	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	1 925	1 925
Later than 1 year and not later than 5 years	-	-	-	1 227	1 227
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	3 152	3 152

2016/17	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	899	899
Later than 1 year and not later than 5 years	-	-	-	1 671	1 671
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	2 570	2 570

Vodacom Cell phone contract and lease contract for printing machine with Konica Minolta

22. Accrued departmental revenue

	Note	2017/18 R'000	2016/17 R'000
Tax revenue		-	-
Sales of goods and services other than capital assets		-	-
Fines, penalties and forfeits		-	-
Interest, dividends and rent on land		1 052	-
Sales of capital assets		-	-
Transactions in financial assets and liabilities		-	-
Transfers received		-	-
Other		-	-
Total		1 052	-

Interest earned from the IDC Craft CSP Fund for the 2017/18 due to DSBD/NT in line with clause 4.10 of the MoU between the DSBD and IDC.

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22.1 Analysis of accrued departmental revenue

	Note	2017/18	2016/17
		R'000	R'000
Opening balance		-	-
Less: amounts received		-	-
Add: amounts recorded		1 052	-
Less: amounts written-off/reversed as irrecoverable		-	-
Closing balance		1 052	-

Interest earned from the IDC Craft CSP Fund for the 2017/18 due to DSBD/NT in line with clause 4.10 of the MoU between the DSBD and IDC.

23. Irregular expenditure

23.1 Reconciliation of irregular expenditure

	Note	2017/18	2016/17
		R'000	R'000
Opening balance		-	1 834
Prior period error		-	-
As restated		-	1 834
Less: Prior year amounts condoned		-	(1 834)
Closing balance		-	-

24. Related party transactions

DSBD has oversight responsibility over the following public entities:

Small Enterprise Development Agency (Seda)

Small Enterprise Finance Agency (Sefa): Transfers to Sefa are still done by Economic Development Department (EDD).

25. Key management personnel

	No. of Individuals	2017/18	2016/17
		R'000	R'000
Political office bearers (provide detail below)	3	4 185	4 194
Officials:			
Level 15 to 16	4	6 253	3 367
Level 14 (incl. CFO if at a lower level)	9	9 713	16 493
Total		20 151	24 053



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26. Provisions

	Note	2017/18	2016/17
		R'000	R'000
Cooperative Incentive Scheme		9 108	13 357
Black Business Supplier Development Programme		271 398	216 736
Total		280 506	230 093

26.1 Reconciliation of movement in provisions – 2017/18

	Provision 1	Provision 2	Provision 3	Total provisions
	R'000	R'000	R'000	R'000
Opening balance	13 357	216 736	-	230 093
Increase in provision	68 669	373 383	-	442 052
Settlement of provision	(70 695)	(256 742)	-	(327 437)
Unused amount reversed	(2 284)	(87 895)	-	(90 179)
Reimbursement expected from third party	-	26 350	-	26 350
Change in provision due to change in estimation of inputs	61	(434)	-	(373)
Closing balance	9 108	271 398	-	280 506

Reconciliation of movement in provisions – 2016/17

	Provision 1	Provision 2	Provision 3	Total provisions
	R'000	R'000	R'000	R'000
Opening balance	11 472	158 316		169 788
Increase in provision	66 139	392 842		458 981
Settlement of provision	(63 878)	(268 009)		(331 887)
Unused amount reversed	(798)	(67 108)		(67 906)
Reimbursement expected from third party	-	-		-
Change in provision due to change in estimation of inputs	422	695		1 117
Closing balance	13 357	216 736		230 093

Provisions are made of CIS and BBSDP incentive schemes. The incentives applications approved for BBSDP and CIS are recorded as a provision from the date of approval until the date that the successful applicant submit a complete claim which will then be processed for payment.

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27. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018					
	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	12 784		4 128	494	16 418
Transport assets	2 596		1 819	-	4 415
Computer equipment	5 330		892	403	5 819
Furniture and office equipment	3 126		328	91	3 363
Other machinery and equipment	1 732		1 089	-	2 821
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	12 784		4 128	494	16 418

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	9	156

These are assets reported stolen or lost and are being investigated by the Security Manager

27.1. Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018					
	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	4 960	434	(1 266)		4 128
Transport assets	1 819	-	-	-	1 819
Computer equipment	866	26	-	-	892
Furniture and office equipment	328	-	-	-	328
Other machinery and equipment	1 947	408	(1 266)	-	1 089
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	4 960	434	(1 266)	-	4 128



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27.2. Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018				
	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	-	494	494	-
Computer equipment	-	403	403	-
Furniture and office equipment	-	91	91	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	494	494	-

Computers and office equipment disposed during the year

27.3. Movement for 2016/17

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017					
	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	9 269	-	3 515	-	12 784
Transport assets	2 596	-	-	-	2 596
Computer equipment	3 613	-	1 717	-	5 330
Furniture and office equipment	2 142	-	984	-	3 126
Other machinery and equipment	918	-	814	-	1 732
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	9 269	-	3 515	-	12 784

27.4. Minor assets

MOVEMENT IN MINOR ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Opening balance	-	644	644
Additions	-	382	382
Disposals	-	7	7
TOTAL MINOR ASSETS	-	1 019	1 019

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	Intangible assets	Machinery and equipment	Total
Number of minor assets at R1	-	-	-
Number of minor assets at cost	-	350	350
TOTAL NUMBER OF MINOR ASSETS	-	350	350

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	6	22

These are assets reported stolen or lost and are being investigated by the Security Manager

27.5 Minor Assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Opening balance	-	157	157
Additions	-	-	-
Disposals	-	487	487
TOTAL MINOR ASSETS	-	644	644

	Intangible assets	Machinery and equipment	Total
Number of minor assets at cost	-	228	228
TOTAL NUMBER OF MINOR ASSETS	-	228	228



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28. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018					
	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	17	-	1 498	-	1 515
TOTAL INTANGIBLE CAPITAL ASSETS	17	-	1 498	-	515

28.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018					
	Cash	Non-Cash	(Development work in progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	1 498	-	-	-	1 498
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	1 498	-	-	-	1 498

Development of the DSBD Annual Performance Plan reporting tool by SITA

28.2 Movement for 2016/17

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017					
	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	17	-	-	-	17
TOTAL INTANGIBLE CAPITAL ASSETS	17	-	-	-	17

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29. Prior period errors

	Note	Amount bef error correction	Prior period error	Restated Amount
		2016/17	2016/17	2016/17
		R'000	R'000	R'000
Assets: Receivables	11			
Current Receivables				
Staff debt		94	(13)	81
Other debtors		148	-	148
Non-Current Receivables				
Staff debt		-	16	16
Other debtors		-	1 361	1 361
Net effect		242	1 364	1 606

Non-current and current assets were understated by off-setting the balance with recoverable revenue (Debtors account).

	Note	Amount bef error correction	Prior period error	Restated Amount
		2016/17	2016/17	2016/17
		R'000	R'000	R'000
Liabilities: Employee benefits				
Leave entitlement		4 027	-	4 027
Service bonus (Thirteenth cheque)		2 631	-	2 631
Performance awards		1 771	-	1 771
Capped leave commitments		777	-	777
Other		-	20	20
Net effect		9 206	20	9 226

Long service awards.

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ANNEXURE 1A

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

	TRANSFER ALLOCATION				TRANSFER		2016/17
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
DEPARTMENTAL AGENCY/ ACCOUNT							
Small Enterprise Development Agency (Seda)	575 766	-	44 000	619 766	619 766	100%	496 495
Seda Technology Programme	161 146	-	-	161 146	161 146	100%	139 187
Seda Capacity Building	30 389	-	-	30 389	30 389	100%	17 232
TOTAL	767 301	-	44 000	811 301	811 301		652 914

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ANNEXURE 1B

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2016/17 Final Appropriation R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	Capital R'000	Current R'000	
Public Corporations									
Transfers	10 000	-	-	10 000	10 000	100.0%	-	10 000	10 000
Industrial Development Corporation	10 000	-	-	10 000	10 000	100.0%	-	10 000	10 000
	10 000	-	-	10 000	10 000	100.0%	-	10 000	10 000
Total	10 000	-	-	10 000	10 000	100.0%	-	10 000	10 000
Private Enterprises									
Transfers	444 845	-	(8 000)	436 845	424 460	97.2%	-	313 315	352 288
Black Business Supplier Development Programme (BBSDP)	256 750			256 750	256 743	100.0%		230 714	268 009
Cooperatives Incentives Scheme (CIS)	78 750		(8 000)	70 750	70 695	99.9%		41 530	63 879
Enterprise Incubation Programme (EIP)	75 539			75 539	70 600	93.5%		33 050	20 400
National Informal Business Upliftment Scheme (NIBUS)	77 806		(44 000)	33 806	26 422	78.2%		8 021	-
	488 845	-	(52 000)	436 845	424 460	97.2%	-	313 315	352 288
TOTAL	498 845	-	(52 000)	446 845	434 460	97.2%	-	323 315	362 288



ANNEXURE 1C

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

	TRANSFER ALLOCATION				EXPENDITURE		2016/17 Final Appropria- tion R'000
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred %	
NON-PROFIT INSTITUTIONS							
Transfers							
Primesters Marketing	-	-	-	-	-	-	100
	-	-	-	-	-	-	100
TOTAL	-	-	-	-	-	-	100

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ANNEXURE 1D

STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2016/17 Final Appropriation R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
HOUSEHOLDS							
Transfers							
Households (HH)	173	-	-	173	158	91%	94
	173			173	158	91%	94
TOTAL	173	-	-	173	158	91%	94

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ANNEXURE 1E

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2017/18	2016/17
		R'000	R'000
Received in kind			
JCB Polokwane	Basket of Biltong and chocolates to BBSPD Staff	0.35	
CISMEF (China)	Picture Frame	0.35	
Ascential Events	Birmingham spring fair	47	
DPME	UK study tour and policy making and implementing programme	-	113
Netherlands government	TIPS workshop-macroeconomics for policy makers	-	8
India government	BRICS meeting in India	-	8
Black Bottom	Women SMME Development Summit	-	1
SABS	Jazz festival tickets, accommodation and air travel	-	8
Subtotal		48	138
TOTAL		48	138

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ANNEXURE 1F

STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPEN- DI-TURE R'000	PAID BACK ON/BY 31 MARCH R'000	CLOSING BALANCE R'000
Received in cash						
African Development Bank	Enterprise Development Pilot Project	191	-	68	-	123
TOTAL		191	-	68	-	123

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ANNEXURE 1G

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

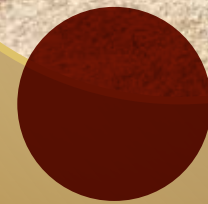
NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2017/18	2016/17
	R'000	R'000
Made in kind		
M Samuel Mampapotla	-	8
Cooperatives	-	81
Mr L Mpangoshe	-	71
TOTAL	-	160

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ANNEXURE 2

INTER-ENTITY ADVANCES PAID

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000
NATIONAL DEPARTMENTS						
DIRCO	73	(34)	-	-	73	(34)
GCS	354	-	-	-	354	-
Subtotal	427	(34)	-	-	427	(34)
<hr/>						
TOTAL	427	(34)	-	-	427	(34)



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