

Vote 31

Small Business Development

Adjusted budget summary

2017/18				
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	1 449 796	1 475 670	(13 000)	38 874
of which:				
Current payments	216 970	203 970	(13 000)	–
Transfers and subsidies	1 230 272	1 266 146	–	35 874
Payments for capital assets	2 554	5 554	–	3 000
Executive authority	Minister of Small Business Development			
Accounting officer	Director-General of Small Business Development			
Website address	www.dsbd.gov.za			

Vote purpose

Promote the development of small businesses and cooperatives that contribute to inclusive economic growth and job creation.

Mid-year performance status

Indicator	Programme	Outcome	Annual performance		
			Projected for 2017/18 as published in the 2017 ENE	Achieved in the first six months of 2017/18 (April to September)	Changed target for 2017/18
Number of black small, medium and micro enterprises (SMMEs) financially assisted through the black business supplier development programme per year	Small, Medium and Micro Enterprises and Cooperatives Programme Design and Support	Outcome 4: Decent employment through inclusive growth	641	302	–
Number of cooperatives supported through training per year	Small Medium and Micro Enterprises and Cooperatives Programme Design and Support		270	190	–
Number of cooperatives financially assisted through the cooperative incentive scheme per year	Small Medium and Micro Enterprises and Cooperatives Programme Design and Support	Outcome 7: Comprehensive rural development and land reform	270	73	–
Number of informal business infrastructure funded through the shared economic infrastructure facility per year	Small Medium and Micro Enterprises and Cooperatives Programme Design and Support		6	0	–
Number of informal enterprises financially assisted through the national informal business upliftment scheme per year	Small Medium and Micro Enterprises and Cooperatives Programme Design and Support		1 696	0	–
Number of incubators established through the enterprise incubation programme per year	Small Medium and Micro Enterprises and Cooperatives Programme Design and Support	Outcome 5: A skilled and capable workforce to support an inclusive growth path	4	4	–

Mid-year progress

The department supported 190 cooperatives through training in the first half of 2017/18 due to a higher than expected number of applications received.

Financial assistance was provided to 73 cooperatives through the cooperative incentive scheme against an annual target of 270. This slow disbursement is due to a remodelling of the scheme's implementation strategy. The department plans to accelerate the provision of funding through the new model.

No informal business infrastructure has been funded through the shared economic infrastructure facility in 2017/18 due to delays in adjudication. However, claims worth R5.2 million have been received and disbursement will be processed in the third quarter. Five more projects have been approved by the adjudication committee and the department is confident that the target of 6 for the financial year will be met.

No informal enterprises have received financial assistance from the department in 2017/18 due to procurement challenges in the implementation of the national informal business upliftment scheme. It is not likely that the target will be achieved by the end of the financial year. As a result, R21.6 million will be reallocated from the programme to fund other priorities within the department.

Adjusted Estimates of National Expenditure 2017

Programme		2017/18						
R thousand	Main appropriation	Adjustments appropriation						Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	
Administration	127 614	–	–	(6 000)	–	–	(6 000)	121 614
Small, Medium and Micro Enterprises and Cooperatives	21 999	–	–	(4 000)	–	–	(4 000)	17 999
Policy and Research								
Small, Medium and Micro Enterprises and Cooperatives	1 300 183	25 874	–	10 000	–	–	35 874	1 336 057
Programme Design and Support								
Total	1 449 796	25 874	–	–	–	–	25 874	1 475 670
Economic classification								
Current payments	216 970	–	–	(13 000)	–	–	(13 000)	203 970
Compensation of employees	137 452	–	–	(5 000)	–	–	(5 000)	132 452
Goods and services	79 518	–	–	(8 000)	–	–	(8 000)	71 518
Transfers and subsidies	1 230 272	25 874	–	10 000	–	–	35 874	1 266 146
Departmental agencies and accounts	735 701	–	–	31 600	–	–	31 600	767 301
Public corporations and private enterprises	494 571	25 874	–	(21 600)	–	–	4 274	498 845
Payments for capital assets	2 554	–	–	3 000	–	–	3 000	5 554
Machinery and equipment	2 554	–	–	3 000	–	–	3 000	5 554
Total	1 449 796	25 874	–	–	–	–	25 874	1 475 670

Programme 1: Administration

Subprogramme		2017/18						
R thousand	Main appropriation	Adjustments appropriation						Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	
Ministry	30 802	–	–	2 300	–	–	2 300	33 102
Departmental Management	21 018	–	–	(1 706)	–	–	(1 706)	19 312
Corporate Services	49 956	–	–	(3 000)	–	–	(3 000)	46 956
Financial Management	18 780	–	–	(3 594)	–	–	(3 594)	15 186
Communications	7 058	–	–	–	–	–	–	7 058
Total	127 614	–	–	(6 000)	–	–	(6 000)	121 614
Economic classification								
Current payments	125 060	–	–	(9 000)	–	–	(9 000)	116 060
Compensation of employees	70 115	–	–	(5 000)	–	–	(5 000)	65 115
Goods and services	54 945	–	–	(4 000)	–	–	(4 000)	50 945
Payments for capital assets	2 554	–	–	3 000	–	–	3 000	5 554
Machinery and equipment	2 554	–	–	3 000	–	–	3 000	5 554
Total	127 614	–	–	(6 000)	–	–	(6 000)	121 614

Programme 2: Small, Medium and Micro Enterprises and Cooperatives Policy and Research

Subprogramme		2017/18						
R thousand	Main appropriation	Adjustments appropriation						Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	
Policy, Research and Legislation	11 230	–	–	(4 000)	–	–	(4 000)	7 230
Monitoring and Evaluation	6 657	–	–	–	–	–	–	6 657
International Relations	4 112	–	–	–	–	–	–	4 112
Total	21 999	–	–	(4 000)	–	–	(4 000)	17 999

Programme 2: Small, Medium and Micro Enterprises and Cooperatives Policy and Research (continued)

Programme 2: Small, medium and micro enterprises and cooperatives policy and research (continued)								
Economic classification		2017/18						Adjusted appropriation
R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Current payments	21 999	–	–	(4 000)	–	–	(4 000)	17 999
Compensation of employees	10 800	–	–	–	–	–	–	10 800
Goods and services	11 199	–	–	(4 000)	–	–	(4 000)	7 199
Total	21 999	–	–	(4 000)	–	–	(4 000)	17 999

Programme 3: Small, Medium and Micro Enterprises and Cooperatives Programme Design and Support

Subprogramme	2017/18							Adjusted appropriation
		Adjustments appropriation						
	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	
R thousand								
Competitiveness Support	112 623	—	—	(21 600)	—	—	(21 600)	91 023
Enterprise Development	762 552	—	—	31 600	—	—	31 600	794 152
Cooperatives Development	7 976	—	—	—	—	—	—	7 976
Market Development	57 943	25 874	—	—	—	—	25 874	83 817
Small Medium and Micro Enterprises Development	359 089	—	—	—	—	—	—	359 089
Finance								
Total	1 300 183	25 874	—	10 000	—	—	35 874	1 336 057
Economic classification								
Current payments	69 911	—	—	—	—	—	—	69 911
Compensation of employees	56 537	—	—	—	—	—	—	56 537
Goods and services	13 374	—	—	—	—	—	—	13 374
Transfers and subsidies	1 230 272	25 874	—	10 000	—	—	35 874	1 266 146
Departmental agencies and accounts	735 701	—	—	31 600	—	—	31 600	767 301
Public corporations and private enterprises	494 571	25 874	—	(21 600)	—	—	4 274	498 845
Total	1 300 183	25 874	—	10 000	—	—	35 874	1 336 057

Details of adjustments to Estimates of National Expenditure 2017**Roll-overs – R25.874 million**

Programme 3: Small Medium and Micro Enterprises and Cooperatives Programme Design and Support

R25.874 million has been rolled over to support the establishment of new incubators, and to facilitate the growth and expansion of existing incubators.

Virements and shifts within votes

Programmes					
1. Administration					
2. Small, Medium and Micro Enterprises and Cooperatives Policy and Research					
3. Small, Medium and Micro Enterprises and Cooperatives Programme Design and Support					
FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 1		(9 000)	Programme 3		5 000
Compensation of employees	Vacant posts ²	(5 000)	Departmental agencies and accounts	National Gazelles programme ¹	5 000
Goods and services	Cost containment measures effected on consultants, and travel and subsistence	(3 000)	Programme 1		3 000
			Machinery and equipment	Vehicles	3 000
	Cost containment measures effected on consultants, and travel and subsistence	(1 000)	Programme 3		1 000
			Departmental agencies and accounts	National Gazelles programme ¹	1 000
Shifts within the programme as a percentage of the programme budget		2.4%			
Virements to other programmes as a percentage of the programme budget		4.7%			

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 2		(4 000)	Programme 3		4 000
Goods and services	Cost containment measures effected on consultants, and travel and subsistence	(4 000)	Departmental agencies and accounts	National Gazelles programme ¹	4 000
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		18.2%²			
Programme 3		(21 600)	Programme 3		21 600
Public corporations and private enterprises	National informal business upliftment scheme ¹	(21 600)	Departmental agencies and accounts	National Gazelles programme and Small Enterprise Development Agency capacity building programme ¹	21 600
Shifts within the programme as a percentage of the programme budget		1.7%			
Virements to other programmes as a percentage of the programme budget		0.0%			
Total		(34 600)			34 600

1. National Treasury approval has been obtained.

2. Only the legislature may approve this virement.

Expenditure outcome for 2016/17 and actual expenditure for 2017/18

Programme	2016/17					2017/18				
	Audited outcome					Actual expenditure				
R thousand	Adjusted appropriation	Apr 16 - Sep 16	Apr 16 - Sep 16 % of adjusted appropriation	Apr 16 - Mar 17	Apr 16 - Mar 17 % of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 17 - Sep 17	Apr 17 - Sep 17 % of adjusted appropriation	
Administration	113 956	43 852	38.5	98 925	86.8	121 614	8.2	53 170	43.7	
Small, Medium and Micro Enterprises and Cooperatives Policy and Research	25 835	6 161	23.8	13 849	53.6	17 999	1.2	4 170	23.2	
Small, Medium and Micro Enterprises and Cooperatives Programme Design and Support	1 178 648	567 797	48.2	1 084 267	92.0	1 336 057	90.5	642 041	48.1	
Total	1 318 439	617 810	46.9	1 197 041	90.8	1 475 670	100.0	699 381	47.4	
Economic classification										
Current payments	208 473	78 923	37.9	178 661	85.7	203 970	13.8	93 443	45.8	
Compensation of employees	129 681	54 550	42.1	114 022	87.9	132 452	9.0	61 922	46.8	
Goods and services	78 792	24 373	30.9	64 639	82.0	71 518	4.8	31 521	44.1	
Transfers and subsidies	1 105 786	538 409	48.7	1 015 396	91.8	1 266 146	85.8	605 206	47.8	
Provinces and municipalities	633 814	380 566	60.0	652 914	103.0	–	–	409 865	–	
Departmental agencies and accounts	471 972	157 843	33.4	362 288	76.8	767 301	52.0	195 267	25.4	
Public corporations and private enterprises	–	–	–	–	–	498 845	33.8	–	0.0	
Non-profit institutions	–	–	–	100	–	–	0.0	–	–	
Households	–	–	–	94	–	–	0.0	74	–	
Payments for capital assets	4 180	478	11.4	2 957	70.7	5 554	0.4	732	13.2	
Machinery and equipment	4 180	478	11.4	2 957	70.7	5 554	0.4	732	13.2	
Payments for financial assets	–	–	–	27	–	–	0.0	–	–	
Total	1 318 439	617 810	46.9	1 197 041	90.8	1 475 670	100.0	699 381	47.4	

Expenditure trends for the first six months of 2017/18

Total expenditure in 2016/17 was R1.2 billion, or 90.8 per cent of the 2016/17 adjusted appropriation. Expenditure in the first six months of 2017/18 was R699.4 million, or 47.4 per cent of the adjusted appropriation of R1.5 billion for the year. In comparison, mid-year expenditure in 2016/17 was R617.8 million, or 46.9 per cent of the 2016/17 adjusted appropriation. Compared to the first six months of 2016/17, expenditure over the same period in 2017/18 increased by R81.6 million, or 13.2 per cent. This is mainly due to disbursements to beneficiaries of the enterprise incubation programme.

Departmental receipts

R thousand	2016/17					2017/18				
	Audited outcome					Actual receipts				
	Adjusted estimate	Apr 16 - Sep 16	Apr 16 - Sep 16 % of adjusted estimate	Apr 16 - Mar 17	Apr 16 - Mar 17 % of adjusted estimate	Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Apr 17 - Sep 17	Apr 17 Sep 17 % of adjusted estimate
Departmental receipts	50	24	48.0	88	176.0	55	210	100.0	168	80.0
Sales of goods and services produced by department	50	24	48.0	88	176.0	55	69	32.9	27	39.1
Transactions in financial assets and liabilities	–	–	–	–	–	–	141	67.1	141	100.0
Total	50	24	48.0	88	176.0	55	210	100.0	168	80.0

Revenue trends for the first six months of 2017/18

Revenue in the first six months of 2017/18 was R168 000, or 80 per cent of the adjusted revenue estimate of R210 000 for the year. In comparison, mid-year revenue in 2016/17 was R24 000, or 48 per cent of the 2016/17 adjusted estimate. Compared to the first six months of 2016/17, revenue over the same period in 2017/18 increased by R144 000, or 600 per cent. This is mainly due to penalty payments received from service providers who were not able to deliver the required equipment in time for the black business supplier development programme.

Changes to transfers and subsidies

Summary of changes to transfers and subsidies per programme

2017/18								
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Small, Medium and Micro Enterprises and Cooperatives								
Programme Design and Support								
Departmental agencies and accounts								
Departmental agencies (non-business entities)								
Current	13 789	–	–	31 600	–	–	31 600	45 389
Small Enterprise Development Agency: Capacity building programme	13 789	–	–	16 600	–	–	16 600	30 389
Small Enterprise Development Agency: National Gazelles programme	–	–	–	15 000	–	–	15 000	15 000
Public corporations and private enterprises								
Other transfers to Private enterprises								
Current	149 071	25 874	–	(21 600)	–	–	4 274	153 345
Various institutions: National informal business upliftment scheme	99 406	–	–	(21 600)	–	–	(21 600)	77 806
Various institutions: Enterprise incubation programme	49 665	25 874	–	–	–	–	25 874	75 539

