

# Vote 31

## Small Business Development

### Adjusted budget summary

R thousand	2015/16			
	Main appropriation	Adjusted appropriation	Decrease	Increase
<b>Amount to be appropriated</b>	<b>1 103 188</b>	<b>1 127 520</b>	<b>-</b>	<b>24 332</b>
<b>of which:</b>				
Current payments	166 210	166 525	-	315
Transfers and subsidies	935 841	958 372	-	22 531
Payments for capital assets	1 137	2 623	-	1 486
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 growth and job creation.*

### Mid-year performance status

Indicator	Programme	Outcome	Annual performance		
			Projected for 2015/16 as published in the 2015 ENE	Achieved in the first six months of 2015/16 (April to September)	Changed target for 2015/16
Number of enterprises approved for the women business development scheme per year	Enterprise Development and Entrepreneurship	Outcome 5: A skilled and capable workforce to support an inclusive growth path	300	0	-
Number of women entrepreneurs trained on the Bavumile skills development programme per year	Enterprise Development and Entrepreneurship		300	106	-
Number of companies financially assisted through the black business supplier development programme per year	Enterprise Development and Entrepreneurship	Outcome 4: Decent employment through inclusive economic growth	796	368	-
Number of companies financially assisted through the cooperative incentive scheme per year	Enterprise Development and Entrepreneurship	Outcome 5: A skilled and capable workforce to support an inclusive growth path	300	48	-

### Mid-year progress

The number of enterprises approved for the women business development scheme did not progress in the first half of 2015/16, as the department is awaiting the approval of the guidelines. It is therefore unlikely that the target for 2015/16 will be met.

48 cooperatives were supported through the cooperatives incentive scheme, which is lower than the number projected for the first half of 2015/16. This is due to the department's decision to implement the cooperatives model as approved by the portfolio committee, which involves shifting the focus from the funding of primary cooperatives towards clustered projects. The department thus envisages an upward trajectory in payments when the clustered projects are approved, which will enable it to meet the target set. The department has identified and initiated engagements with private sector companies to assist in ensuring that cooperatives are viable and sustainable. The department has also provided training for 184 cooperatives, mainly in entrepreneurship, and governance and management.

## Adjusted Estimates of National Expenditure 2015

Programme	2015/16							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Administration	64 025	–	–	15 501	–	1 861	17 362	81 387
Cooperatives Support and Development	15 188	–	–	(3 477)	–	–	(3 477)	11 711
Enterprise Development and Entrepreneurship	1 023 975	–	–	(12 024)	–	22 471	10 447	1 034 422
<b>Total</b>	<b>1 103 188</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>24 332</b>	<b>24 332</b>	<b>1 127 520</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>166 210</b>	<b>–</b>	<b>–</b>	<b>(1 546)</b>	<b>–</b>	<b>1 861</b>	<b>315</b>	<b>166 525</b>
Compensation of employees	109 671	–	–	–	–	1 861	1 861	111 532
Goods and services	56 539	–	–	(1 546)	–	–	(1 546)	54 993
<b>Transfers and subsidies</b>	<b>935 841</b>	<b>–</b>	<b>–</b>	<b>60</b>	<b>–</b>	<b>22 471</b>	<b>22 531</b>	<b>958 372</b>
Departmental agencies and accounts	610 364	–	–	–	–	–	–	610 364
Higher education institutions	–	–	–	–	–	12 471	12 471	12 471
Public corporations and private enterprises	308 751	–	–	–	–	10 000	10 000	318 751
Non-profit institutions	16 726	–	–	–	–	–	–	16 726
Households	–	–	–	60	–	–	60	60
<b>Payments for capital assets</b>	<b>1 137</b>	<b>–</b>	<b>–</b>	<b>1 486</b>	<b>–</b>	<b>–</b>	<b>1 486</b>	<b>2 623</b>
Machinery and equipment	1 137	–	–	1 486	–	–	1 486	2 623
<b>Total</b>	<b>1 103 188</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>24 332</b>	<b>24 332</b>	<b>1 127 520</b>

## Programme 1: Administration

Subprogramme	2015/16							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Ministry	20 935	–	–	9 961	–	–	9 961	30 896
Departmental Management	14 869	–	–	6 318	–	–	6 318	21 187
Corporate Services	28 221	–	–	(778)	–	1 861	1 083	29 304
<b>Total</b>	<b>64 025</b>	<b>–</b>	<b>–</b>	<b>15 501</b>	<b>–</b>	<b>1 861</b>	<b>17 362</b>	<b>81 387</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>63 465</b>	<b>–</b>	<b>–</b>	<b>14 229</b>	<b>–</b>	<b>1 861</b>	<b>16 090</b>	<b>79 555</b>
Compensation of employees	31 541	–	–	11 172	–	1 861	13 033	44 574
Goods and services	31 924	–	–	3 057	–	–	3 057	34 981
<b>Payments for capital assets</b>	<b>560</b>	<b>–</b>	<b>–</b>	<b>1 272</b>	<b>–</b>	<b>–</b>	<b>1 272</b>	<b>1 832</b>
Machinery and equipment	560	–	–	1 272	–	–	1 272	1 832
<b>Total</b>	<b>64 025</b>	<b>–</b>	<b>–</b>	<b>15 501</b>	<b>–</b>	<b>1 861</b>	<b>17 362</b>	<b>81 387</b>

## Programme 2: Cooperatives Support and Development

Subprogramme	2015/16							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Cooperatives Development	15 188	–	–	(3 477)	–	–	(3 477)	11 711
<b>Total</b>	<b>15 188</b>	<b>–</b>	<b>–</b>	<b>(3 477)</b>	<b>–</b>	<b>–</b>	<b>(3 477)</b>	<b>11 711</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>15 032</b>	<b>–</b>	<b>–</b>	<b>(3 413)</b>	<b>–</b>	<b>–</b>	<b>(3 413)</b>	<b>11 619</b>
Compensation of employees	12 754	–	–	(3 209)	–	–	(3 209)	9 545
Goods and services	2 278	–	–	(204)	–	–	(204)	2 074
<b>Payments for capital assets</b>	<b>156</b>	<b>–</b>	<b>–</b>	<b>(64)</b>	<b>–</b>	<b>–</b>	<b>(64)</b>	<b>92</b>
Machinery and equipment	156	–	–	(64)	–	–	(64)	92
<b>Total</b>	<b>15 188</b>	<b>–</b>	<b>–</b>	<b>(3 477)</b>	<b>–</b>	<b>–</b>	<b>(3 477)</b>	<b>11 711</b>

**Programme 3: Enterprise Development and Entrepreneurship**

Subprogramme	2015/16							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
Roll-overs		Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand								
Enterprise and Supplier Development	644 617	–	–	(6 513)	–	22 471	15 958	660 575
Gender, Youth and People with Disabilities Economic Empowerment	47 929	–	–	(3 130)	–	–	(3 130)	44 799
SMMEs Local Economic Development	4 624	–	–	217	–	–	217	4 841
Incentives, Grants and Soft Loans	322 153	–	–	1 946	–	–	1 946	324 099
Entrepreneurship, Intellectual Property and Indigenous Knowledge Systems	4 652	–	–	(4 544)	–	–	(4 544)	108
<b>Total</b>	<b>1 023 975</b>	<b>–</b>	<b>–</b>	<b>(12 024)</b>	<b>–</b>	<b>22 471</b>	<b>10 447</b>	<b>1 034 422</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>87 713</b>	<b>–</b>	<b>–</b>	<b>(12 362)</b>	<b>–</b>	<b>–</b>	<b>(12 362)</b>	<b>75 351</b>
Compensation of employees	65 376	–	–	(7 963)	–	–	(7 963)	57 413
Goods and services	22 337	–	–	(4 399)	–	–	(4 399)	17 938
<b>Transfers and subsidies</b>	<b>935 841</b>	<b>–</b>	<b>–</b>	<b>60</b>	<b>–</b>	<b>22 471</b>	<b>22 531</b>	<b>958 372</b>
Departmental agencies and accounts	610 364	–	–	–	–	–	–	610 364
Higher education institutions	–	–	–	–	–	12 471	12 471	12 471
Public corporations and private enterprises	308 751	–	–	–	–	10 000	10 000	318 751
Non-profit institutions	16 726	–	–	–	–	–	–	16 726
Households	–	–	–	60	–	–	60	60
<b>Payments for capital assets</b>	<b>421</b>	<b>–</b>	<b>–</b>	<b>278</b>	<b>–</b>	<b>–</b>	<b>278</b>	<b>699</b>
Machinery and equipment	421	–	–	278	–	–	278	699
<b>Total</b>	<b>1 023 975</b>	<b>–</b>	<b>–</b>	<b>(12 024)</b>	<b>–</b>	<b>22 471</b>	<b>10 447</b>	<b>1 034 422</b>

**Details of adjustments to the Estimates of National Expenditure 2015****Virements and shifts**

Programmes					
1. Administration					
2. Cooperatives Support and Development					
3. Enterprise Development and Entrepreneurship					
FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
<b>Programme 2</b>		<b>(3 477)</b>	<b>Programme 1</b>		<b>3 477</b>
Compensation of employees	Reallocation of funds from non-critical posts to critical posts in support services	(3 209)	Compensation of employees	Increase in personnel remuneration	3 209
Goods and services	Cost containment measures effected on travel and subsistence	(204)	Goods and services	Procurement of marketing materials	204
Machinery and equipment	Reallocation of funds due to the slow filling of posts	(64)	Machinery and equipment	Laptops and desktop computers for new employees	64
Shifts within the programme as a percentage of the programme budget		0.0%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>22.9%<sup>1</sup></b>			
<b>Programme 3</b>		<b>(12 402)</b>	<b>Programme 1</b>		<b>11 984</b>
Compensation of employees	Reallocation of funds from non-critical posts to critical posts in support services	(7 963)	Compensation of employees	Increase in personnel remuneration	7 963

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Goods and services	Vacant posts	(2 853)	Goods and services	Acquisition of a portion of the migration IT solution	2 853
	Temporary suspension of the <i>Entrepreneurship, Intellectual Property and Indigenous Knowledge Systems</i> subprogramme	(1 168)	Machinery and equipment	Procurement of laptops and desktop computers for new employees	1 168
	Temporary suspension of the <i>Entrepreneurship, Intellectual Property and Indigenous Knowledge Systems</i> subprogramme	(60)	<b>Programme 3</b>		<b>378</b>
	Cost containment measures effected on travel and subsistence	(140)	Households	Leave gratuities	60
	Cost containment measures effected on travel and subsistence	(178)	Machinery and equipment	Laptops and desktop computers for employees	140
Machinery and equipment	Reallocation of funds for computers and furniture due to the slow filling of posts	(40)	Machinery and equipment	Laptops and desktop computers for employees	178
			<b>Programme 1</b>		<b>40</b>
			Machinery and equipment	Laptops and desktop computers for new employees	40
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		1.2%			
<b>Total</b>		<b>(15 879)</b>	<b>15 879</b>		

1. Only the legislature may approve this virement in terms of the Public Finance Management Act (1999).

## Other adjustments – R24.332 million

### **Funds shifted between votes following the transfer of a function – R22.471 million**

#### Programme 3: Enterprise Development and Entrepreneurship

R12.471 million has been transferred from the Department of Trade and Industry to the Department of Small Business Development following the shifting of functions. The funds will be used for developing entrepreneurship skills through training provided by the University of Johannesburg.

R10 million has been transferred from the Department of Trade and Industry to the Department of Small Business Development following the shift of the creative industries directorate, which is responsible for the implementation of the craft customised sector strategy.

### **Adjustments due to significant and unforeseeable economic and financial events – R1.861 million**

#### Programme 1: Administration

An additional R1.861 million has been allocated to the department to cover the costs of increases in personnel remuneration that were higher than provided for in the main Budget.

## Expenditure outcome for 2014/15 and actual expenditure for 2015/16

Programme	2014/15 Audited outcome					2015/16 Actual expenditure				
	Adjusted appropriation	Apr 14 - Sep 14	Apr 14 - Sep 14 % of adjusted appropriation	Apr 14 - Mar 15	% of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 15 - Sep 15	Apr 15 - Sep 15 % of adjusted appropriation	
R thousand										
Administration	27 118	-	-	27 118	100.0	81 387	7.2	24 944	30.6	
Cooperatives Support and Development	10 179	-	-	10 179	100.0	11 711	1.0	5 697	48.6	
Enterprise Development and Entrepreneurship	1 063 492	-	-	1 063 492	100.0	1 034 422	91.7	517 078	50.0	
<b>Total</b>	<b>1 100 789</b>	<b>-</b>	<b>-</b>	<b>1 100 789</b>	<b>100.0</b>	<b>1 127 520</b>	<b>100.0</b>	<b>547 719</b>	<b>48.6</b>	
<b>Economic classification</b>										
<b>Current payments</b>	<b>100 883</b>	<b>-</b>	<b>-</b>	<b>100 883</b>	<b>100.0</b>	<b>166 525</b>	<b>14.8</b>	<b>61 472</b>	<b>36.9</b>	
Compensation of employees	73 753	-	-	73 753	100.0	111 532	9.9	44 305	39.7	
Goods and services	27 130	-	-	27 130	100.0	54 993	4.9	17 167	31.2	
<b>Transfers and subsidies</b>	<b>998 295</b>	<b>-</b>	<b>-</b>	<b>998 295</b>	<b>100.0</b>	<b>958 372</b>	<b>85.0</b>	<b>485 840</b>	<b>50.7</b>	
Departmental agencies and accounts	628 651	-	-	628 651	100.0	610 364	54.1	374 000	61.3	
Public corporations and private enterprises	353 302	-	-	353 302	100.0	318 751	28.3	103 432	32.4	
Non-profit institutions	16 320	-	-	16 320	100.0	16 726	1.5	8 363	50.0	
Households	22	-	-	22	100.0	60	-	45	75.0	
<b>Payments for capital assets</b>	<b>1 611</b>	<b>-</b>	<b>-</b>	<b>1 611</b>	<b>100.0</b>	<b>2 623</b>	<b>0.2</b>	<b>407</b>	<b>15.5</b>	
Machinery and equipment	1 611	-	-	1 611	100.0	2 623	0.2	407	15.5	
<b>Total</b>	<b>1 100 789</b>	<b>-</b>	<b>-</b>	<b>1 100 789</b>	<b>100.0</b>	<b>1 127 520</b>	<b>100.0</b>	<b>547 719</b>	<b>48.6</b>	

## Expenditure trends for the first half of 2015/16

Expenditure in the first six months of 2015/16 was R547.7 million, or 48.6 per cent of the adjusted appropriation of R1.1 billion for the year. There are no comparative figures for previous financial periods because this is a newly established department, which only started operating as a vote in 2015/16.

## Departmental receipts

	2014/15 Audited outcome					2015/16 Actual receipts				
	Adjusted estimate	Apr 14 - Sep 14	Apr 14 - Sep 14 % of adjusted estimate	Apr 14 - Mar 15	% of adjusted estimate	Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Apr 15 - Sep 15	Apr 15 - Sep 15 % of adjusted estimate
R thousand										
<b>Departmental receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>180</b>	<b>100.0</b>	<b>91</b>	<b>50.6</b>
Sales of goods and services produced by department	-	-	-	-	-	-	180	100.0	91	50.6
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>180</b>	<b>100.0</b>	<b>91</b>	<b>50.6</b>

## Revenue trends for the first half of 2015/16

Revenue in the first six months of 2015/16 was R91 000, or 50.6 per cent of the adjusted revenue estimate of R180 000 for the year. There are no comparative figures for previous financial periods because this is a newly established department, which only started operating as a vote in 2015/16.

## Changes to transfers and subsidies, including conditional grants

### Summary of changes to transfer and subsidies per programme

R thousand	Main appropriation	2015/16 Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
<b>Enterprise Development and Entrepreneurship</b>								
<b>Higher education institutions</b>								
<b>Current</b>	-	-	-	-	-	12 471	12 471	12 471
University of Johannesburg: Capacity Building Programme for Economic Development	-	-	-	-	-	12 471	12 471	12 471
<b>Public corporations and private enterprises</b>								
<b>Public corporations</b>								
<b>Other transfers</b>								
<b>Current</b>	-	-	-	-	-	10 000	10 000	10 000
Industrial Development Corporation: Craft Customised Sector Programme	-	-	-	-	-	10 000	10 000	10 000
<b>Households</b>								
<b>Social benefits</b>								
<b>Current</b>	-	-	-	60	-	-	60	60
Employee social benefits	-	-	-	60	-	-	60	60