

Vote 31

Small Business Development

Adjusted budget summary

R thousand	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	1 325 439	1 318 439	(7 000)	-
of which:				
Current payments	215 473	208 473	(7 000)	-
Transfers and subsidies	1 105 786	1 105 786	-	-
Payments for capital assets	4 180	4 180	-	-
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 2016/17 as published in the 2016 ENE	Achieved in the first six months of 2016/17 (April to September)	Changed target for 2016/17
Number of SMMEs financially assisted through the black business supplier development programme per year	SMMEs and Cooperatives Programme Design and Support	Outcome 4: Decent employment through inclusive economic growth	500	296	-
Number of cooperatives financially assisted through the cooperatives incentive scheme per year	SMMEs and Cooperatives Programme Design and Support		370	146	-
Number of informal business enterprises supported through incentives per year	SMMEs and Cooperatives Programme Design and Support		1 100	0 ¹	-
Number of cooperative enterprises supported through incentives per year	SMMEs and Cooperatives Programme Design and Support		130	0 ²	-
Number of SMMEs in rural areas and townships supported through incentives per year	SMMEs and Cooperatives Programme Design and Support		110	133	-
Number of informal enterprises financially assisted through the national informal business upliftment scheme per year	SMMEs and Cooperatives Programme Design and Support		1 666	1 509	-
Number of incubators established per year through the enterprise incubation programme	SMMEs and Cooperatives Programme Design and Support		10	0	-

1. Indicator captured in the 2016 ENE as a duplicate of the indicator 'Number of SMMEs financially assisted through the black business supplier development programme per year'.

2. Indicator captured in the 2016 ENE as a duplicate of the indicator 'Number of cooperatives financially assisted through the cooperatives incentive scheme per year'.

Mid-year progress

The department assisted 296 small businesses through the Black Business Support Programme incentive and 146 cooperatives through the Co-operatives Incentives Scheme. About 133 small businesses and cooperatives were financially assisted through the black business supplier development programme and cooperative incentive schemes in rural and township areas. The over-achievement on this target by mid-year was because the department prioritised businesses and cooperatives in rural areas and townships.

The department was able to recruit and train 1 509 informal traders through the national informal business upliftment scheme in collaboration with UN Women, the Tshwane Community Business Forum, and the Small Enterprise Development Agency and the German development cooperation programme. There was over-performance on this target, as more traders were reached as a result of the department changing the initial value of support to each informal trader from R80 000 to R10 000.

Although there have been delays in the establishment of incubators, the department is confident that the annual target will be achieved as a sufficient number of applications have been processed and are only awaiting ministerial approval.

Adjusted Estimates of National Expenditure 2016

Programme	2016/17							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
Roll-overs		Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand								
Administration	118 080	-	-	2 876	(7 000)	-	(4 124)	113 956
Small, Medium and Micro Enterprises and Cooperatives	26 105	-	-	(270)	-	-	(270)	25 835
Policy and Research								
Small, Medium and Micro Enterprises and Cooperatives Programme Design and Support	1 181 254	-	-	(2 606)	-	-	(2 606)	1 178 648
Total	1 325 439	-	-	-	(7 000)	-	(7 000)	1 318 439
Economic classification								
Current payments	215 473	-	-	-	(7 000)	-	(7 000)	208 473
Compensation of employees	136 681	-	-	-	(7 000)	-	(7 000)	129 681
Goods and services	78 792	-	-	-	-	-	-	78 792
Transfers and subsidies	1 105 786	-	-	-	-	-	-	1 105 786
Departmental agencies and accounts	633 814	-	-	-	-	-	-	633 814
Public corporations and private enterprises	471 972	-	-	-	-	-	-	471 972
Payments for capital assets	4 180	-	-	-	-	-	-	4 180
Machinery and equipment	4 180	-	-	-	-	-	-	4 180
Total	1 325 439	-	-	-	(7 000)	-	(7 000)	1 318 439

Programme 1: Administration

Subprogramme	2016/17							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
Roll-overs		Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand								
Ministry	26 133	-	-	(1 140)	-	-	(1 140)	24 993
Departmental Management	18 950	-	-	(290)	-	-	(290)	18 660
Corporate Services	47 027	-	-	2 780	(7 000)	-	(4 220)	42 807
Financial Management	14 972	-	-	542	-	-	542	15 514
Communications	10 998	-	-	984	-	-	984	11 982
Total	118 080	-	-	2 876	(7 000)	-	(4 124)	113 956
Economic classification								
Current payments	115 240	-	-	1 716	(7 000)	-	(5 284)	109 956
Compensation of employees	64 765	-	-	-	(7 000)	-	(7 000)	57 765
Goods and services	50 475	-	-	1 716	-	-	1 716	52 191
Payments for capital assets	2 840	-	-	1 160	-	-	1 160	4 000
Machinery and equipment	2 840	-	-	1 160	-	-	1 160	4 000
Total	118 080	-	-	2 876	(7 000)	-	(4 124)	113 956

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

Subprogramme	2016/17							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
Roll-overs		Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand								
Policy, Research and Legislation	18 536	–	–	3 027	–	–	3 027	21 563
Monitoring and Evaluation	7 569	–	–	(3 297)	–	–	(3 297)	4 272
Total	26 105	–	–	(270)	–	–	(270)	25 835
Economic classification								
Current payments	25 775	–	–	–	–	–	–	25 775
Compensation of employees	14 186	–	–	–	–	–	–	14 186
Goods and services	11 589	–	–	–	–	–	–	11 589
Payments for capital assets	330	–	–	(270)	–	–	(270)	60
Machinery and equipment	330	–	–	(270)	–	–	(270)	60
Total	26 105	–	–	(270)	–	–	(270)	25 835

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

Subprogramme	2016/17							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
Roll-overs		Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand								
Competitiveness Support	108 657	–	–	517	–	–	517	109 174
Enterprise Development	656 918	–	–	(150)	–	–	(150)	656 768
Cooperatives Development	8 284	–	–	(1 437)	–	–	(1 437)	6 847
Market Development and Stakeholder Relations	62 562	–	–	(1 216)	–	–	(1 216)	61 346
Small Medium and Micro Enterprises Development Finance	344 833	–	–	(320)	–	–	(320)	344 513
Total	1 181 254	–	–	(2 606)	–	–	(2 606)	1 178 648
Economic classification								
Current payments	74 458	–	–	(1 716)	–	–	(1 716)	72 742
Compensation of employees	57 730	–	–	–	–	–	–	57 730
Goods and services	16 728	–	–	(1 716)	–	–	(1 716)	15 012
Transfers and subsidies	1 105 786	–	–	–	–	–	–	1 105 786
Departmental agencies and accounts	633 814	–	–	–	–	–	–	633 814
Public corporations and private enterprises	471 972	–	–	–	–	–	–	471 972
Payments for capital assets	1 010	–	–	(890)	–	–	(890)	120
Machinery and equipment	1 010	–	–	(890)	–	–	(890)	120
Total	1 181 254	–	–	(2 606)	–	–	(2 606)	1 178 648

Details of adjustments to the Estimates of National Expenditure 2016**Virements and shifts within votes****Programmes**

- Administration
- Small, Medium and Micro Enterprises and Cooperatives Policy and Research
- 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 2		(270)	Programme 1		270
Machinery and equipment	Reallocation of funds due to machinery, office, and ICT equipment being centralised	(270)	Machinery and equipment	Centralisation of the machinery, office, and ICT equipment budget	270
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		1.0%			

2016 Adjusted Estimates of National Expenditure

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 3		(2 606)	Programme 1		2 606
Machinery and equipment	Reallocation of funds due to machinery, office, and ICT equipment being centralised	(890)	Machinery and equipment	Centralisation of funds for machinery, office, and ICT equipment	890
Goods and services	Cost containment measures effected on travel and subsistence	(1 716)	Goods and services	Higher than anticipated costs for auditing and marketing	1 716
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		0.2%			
Total		(2 876)	2 876		

Declared unspent funds – R7 million

Programme 1: Administration

R7 million in unspent funds has been declared on compensation of employees due to the slow filling of posts.

Expenditure outcome for 2015/16 and actual expenditure for 2016/17

Programme	2015/16 Audited outcome					2016/17 Actual expenditure				
	Adjusted appropriation	Apr 15 - Sep 15	Apr 15 - Sep 15 % of adjusted appropriation	Apr 15 - Mar 16	Apr 15 - Mar 16 % of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 16 - Sep 16	Apr 16 - Sep 16 % of adjusted appropriation	
R thousand										
Administration	80 857	24 944	30.8	66 447	82.2	113 956	8.6	43 852	38.5	
Small, Medium and Micro Enterprises and Cooperatives Policy and Research	12 241	5 697	46.5	11 692	95.5	25 835	2.0	6 161	23.8	
Small, Medium and Micro Enterprises and Cooperatives Programme Design and Support	1 034 422	517 078	50.0	1 020 752	98.7	1 178 648	89.4	567 797	48.2	
Total	1 127 520	547 719	48.6	1 098 891	97.5	1 318 439	100.0	617 810	46.9	
Economic classification										
Current payments	164 908	61 472	37.3	137 455	83.4	208 473	15.8	78 923	37.9	
Compensation of employees	111 532	44 305	39.7	93 132	83.5	129 681	9.8	54 550	42.1	
Goods and services	53 376	17 167	32.2	44 324	83.0	78 792	6.0	24 373	30.9	
Transfers and subsidies	958 402	485 840	50.7	958 250	100.0	1 105 786	83.9	538 409	48.7	
Departmental agencies and accounts	622 835	374 000	60.0	622 835	100.0	633 814	48.1	380 566	60.0	
Public corporations and private enterprises	318 751	103 432	32.4	318 625	100.0	471 972	35.8	157 843	33.4	
Non-profit institutions	16 726	8 363	50.0	16 726	100.0	–	–	–	–	
Households	90	45	50.0	64	70.6	–	–	–	–	
Payments for capital assets	4 210	407	9.7	3 185	75.7	4 180	0.3	478	11.4	
Machinery and equipment	4 190	407	9.7	3 169	75.6	4 180	0.3	478	11.4	
Software and other intangible assets	20	–	–	17	83.3	–	–	–	–	
Total	1 127 520	547 719	48.6	1 098 891	97.5	1 318 439	100.0	617 810	46.9	

Expenditure trends for the first six months of 2016/17

Total expenditure in 2015/16 was 97.5 per cent of the 2015/16 adjusted appropriation. Expenditure in the first six months of 2016/17 was R617.8 million, or 46.9 per cent of the adjusted appropriation of R1.3 billion for the year. In comparison, mid-year expenditure in 2015/16 was R547.7 million, or 48.6 per cent of the 2015/16 adjusted appropriation. Compared to the first six months of 2015/16, expenditure over the same period in 2016/17 increased by R70.1 million, or 12.8 per cent. This was mainly due to additional funding in

the main Budget for the implementation of the national informal business upliftment strategy programme and the enterprise development programme. The recruitment of more personnel for these projects was a further reason for the increase.

Departmental receipts

R thousand	2015/16					2016/17				
	Adjusted estimate	Audited outcome				Actual receipts				
		Apr 15 - Sep 15	Apr 15 - Sep 15 % of adjusted estimate	Apr 15 - Mar 16	Apr 15 - Mar 16 % of adjusted estimate	Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Apr 16 - Sep 16	Apr 16 - Sep 16 % of adjusted estimate
Departmental receipts	180	91	50.6	121	67.2	50	50	100.0	24	48.0
Sales of goods and services produced by department	180	91	50.6	46	25.6	50	50	100.0	24	48.0
Transactions in financial assets and liabilities	-	-	-	75	-	-	-	-	-	-
Total	180	91	50.6	121	67.2	50	50	100.0	24	48.0

Revenue trends for the first six months of 2016/17

Revenue in the first six months of 2016/17 was R24 000, or 48 per cent of the adjusted revenue estimate of R50 000 for the year. In comparison, mid-year revenue in 2015/16 was R91 000, or 50.6 per cent of the 2015/16 adjusted estimate. Compared to the first six months of 2015/16, revenue over the same period in 2016/17 decreased by R67 000, or 73.6 per cent. This was mainly because the department, whose offices are on the Department of Trade and Industry campus, transferred the parking management fee to the Department of Trade and Industry.

