

# Vote 31

## Small Business Development

### Adjusted budget summary

R thousand	2018/19			
	Main appropriation	Adjusted appropriation	Decrease	Increase
<b>Amount to be appropriated</b>	<b>1 488 453</b>	<b>1 488 453</b>	<b>(1 786)</b>	<b>1 786</b>
<b>of which:</b>				
Current payments	221 067	222 384	–	1 317
Transfers and subsidies	261 598	1 262 067	–	469
Payments for capital assets	5 788	4 002	(1 786)	–
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	MTSF outcome	Annual performance		
			Projected for 2018/19 As published in the 2018 ENE	Achieved in the first six months of 2018/19 (April to September)	Changed target for 2018/19
Number of cluster cooperatives financially assisted through the cooperative incentive scheme per year	Integrated Cooperatives Development	Outcome 4: Decent employment through inclusive growth	122	54	–
Number of cluster cooperatives supported through training per year	Integrated Cooperatives Development		122	87	–
Number of black-owned small, medium and micro enterprises financially assisted through the black business supplier development programme per year	Enterprise Development and Entrepreneurship	Outcome 7: Comprehensive rural development and land reform	677	207	–
Number of informal business infrastructure funded through the shared economic infrastructure facilities per year	Enterprise Development and Entrepreneurship		6	2	–
Number of informal enterprises financially assisted through national informal business upliftment scheme per year	Enterprise Development and Entrepreneurship		1 000	0	–
Number of incubators established through the enterprise incubation programme per year	Enterprise Development and Entrepreneurship	Outcome 5: A skilled and capable workforce to support an inclusive growth path	11	– <sup>1</sup>	–

1. Indicator no longer measured by the department as it has been shifted to the Small Business Development Agency.

## Changes to indicators and targets published in the 2018 ENE

The department has transferred the implementation of the enterprise incubation programme to the Small Enterprise Development Agency. As a result, funds will be transferred to the agency through a virement, and the agency will be responsible for reporting on the indicator.

### Mid-year progress

During the first half of 2018/19, 87 cluster cooperatives were supported through training against a mid-year target of 61 as a result of more applications for training being received than anticipated.

However, only 207 small, medium and micro enterprises were supported financially through the black business supplier development programme against an annual target of 677. This underperformance is a result of fewer applications than expected being processed for the programme due to the adoption of revised guidelines.

Only 2 informal business infrastructures were funded through the shared economic infrastructure facilities due to delays in finalising memorandums of understanding with identified municipalities. This will be fast-tracked in the second half of the year to ensure that the department meets its annual target of 6.

No informal enterprises have yet received financial assistance from the department in 2018/19 due to procurement challenges in the implementation of the informal business upliftment scheme. The target of assisting 1 000 informal enterprises through the scheme in 2018/19 is not likely to be achieved.

## Adjusted Estimates of National Expenditure 2018

Programme	2018/19							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
R thousand		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Administration	124 729	–	–	2 392	–	–	2 392	127 121
Sector Policy and Research	22 413	–	–	34	–	–	34	22 447
Integrated Cooperative Development Enterprise	111 034	–	–	3 983	–	–	3 983	115 017
Development and Entrepreneurship	1 230 277	–	–	(6 409)	–	–	(6 409)	1 223 868
<b>Total</b>	<b>1 488 453</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 488 453</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>221 067</b>	<b>–</b>	<b>–</b>	<b>1 317</b>	<b>–</b>	<b>–</b>	<b>1 317</b>	<b>222 384</b>
Compensation of employees	140 810	–	–	(178)	–	–	(178)	140 632
Goods and services	80 257	–	–	1 495	–	–	1 495	81 752
<b>Transfers and subsidies</b>	<b>1 261 598</b>	<b>–</b>	<b>–</b>	<b>469</b>	<b>–</b>	<b>–</b>	<b>469</b>	<b>1 262 067</b>
Departmental agencies and accounts	769 452	–	–	70 637	–	–	70 637	840 089
Public corporations and private enterprises	492 146	–	–	(70 637)	–	–	(70 637)	421 509
Households	–	–	–	469	–	–	469	469
<b>Payments for capital assets</b>	<b>5 788</b>	<b>–</b>	<b>–</b>	<b>(1 786)</b>	<b>–</b>	<b>–</b>	<b>(1 786)</b>	<b>4 002</b>
Machinery and equipment	5 788	–	–	(1 800)	–	–	(1 800)	3 988
Software and other intangible assets	–	–	–	14	–	–	14	14
<b>Total</b>	<b>1 488 453</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 488 453</b>

**Programme 1: Administration**

Subprogramme	2018/19							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Ministry	29 176	–	–	159	–	–	159	29 335
Departmental Management	19 976	–	–	631	–	–	631	20 607
Corporate Services	51 178	–	–	1 366	–	–	1 366	52 544
Financial Management	17 541	–	–	1 718	–	–	1 718	19 259
Communications	6 858	–	–	(1 482)	–	–	(1 482)	5 376
<b>Total</b>	<b>124 729</b>	<b>–</b>	<b>–</b>	<b>2 392</b>	<b>–</b>	<b>–</b>	<b>2 392</b>	<b>127 121</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>119 135</b>	<b>–</b>	<b>–</b>	<b>4 351</b>	<b>–</b>	<b>–</b>	<b>4 351</b>	<b>123 486</b>
Compensation of employees	67 615	–	–	(81)	–	–	(81)	67 534
Goods and services	51 520	–	–	4 432	–	–	4 432	55 952
<b>Transfers and subsidies</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>135</b>	<b>–</b>	<b>–</b>	<b>135</b>	<b>135</b>
Households	–	–	–	135	–	–	135	135
<b>Payments for capital assets</b>	<b>5 594</b>	<b>–</b>	<b>–</b>	<b>(2 094)</b>	<b>–</b>	<b>–</b>	<b>(2 094)</b>	<b>3 500</b>
Machinery and equipment	5 594	–	–	(2 108)	–	–	(2 108)	3 486
Software and other intangible assets	–	–	–	14	–	–	14	14
<b>Total</b>	<b>124 729</b>	<b>–</b>	<b>–</b>	<b>2 392</b>	<b>–</b>	<b>–</b>	<b>2 392</b>	<b>127 121</b>

**Programme 2: Sector Policy and Research**

Subprogramme	2018/19							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Research	7 521	–	–	1 789	–	–	1 789	9 310
Policy and Legislation	4 852	–	–	1 691	–	–	1 691	6 543
International Relations	2 887	–	–	1 064	–	–	1 064	3 951
Monitoring and Evaluation	7 153	–	–	(4 510)	–	–	(4 510)	2 643
<b>Total</b>	<b>22 413</b>	<b>–</b>	<b>–</b>	<b>34</b>	<b>–</b>	<b>–</b>	<b>34</b>	<b>22 447</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>22 357</b>	<b>–</b>	<b>–</b>	<b>(107)</b>	<b>–</b>	<b>–</b>	<b>(107)</b>	<b>22 250</b>
Compensation of employees	10 779	–	–	–	–	–	–	10 779
Goods and services	11 578	–	–	(107)	–	–	(107)	11 471
<b>Transfers and subsidies</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>107</b>	<b>–</b>	<b>–</b>	<b>107</b>	<b>107</b>
Households	–	–	–	107	–	–	107	107
<b>Payments for capital assets</b>	<b>56</b>	<b>–</b>	<b>–</b>	<b>34</b>	<b>–</b>	<b>–</b>	<b>34</b>	<b>90</b>
Machinery and equipment	56	–	–	34	–	–	34	90
<b>Total</b>	<b>22 413</b>	<b>–</b>	<b>–</b>	<b>34</b>	<b>–</b>	<b>–</b>	<b>34</b>	<b>22 447</b>

**Programme 3: Integrated Cooperative Development**

Subprogramme	2018/19							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Cooperatives Development	10 728	–	–	(2 434)	–	–	(2 434)	8 294
Cooperatives Programme	94 406	–	–	(517)	–	–	(517)	93 889
Design and Support	5 900	–	–	6 934	–	–	6 934	12 834
Supplier Development and Market Access Support	–	–	–	–	–	–	–	–
<b>Total</b>	<b>111 034</b>	<b>–</b>	<b>–</b>	<b>3 983</b>	<b>–</b>	<b>–</b>	<b>3 983</b>	<b>115 017</b>

**Programme 3: Integrated Cooperative Development (continued)**

Economic classification		2018/19							Adjusted appropriation
R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation		
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
<b>Current payments</b>	<b>27 682</b>	–	–	<b>3 812</b>	–	–	<b>3 812</b>	<b>31 494</b>	
Compensation of employees	19 768	–	–	6 512	–	–	6 512	26 280	
Goods and services	7 914	–	–	(2 700)	–	–	(2 700)	5 214	
<b>Transfers and subsidies</b>	<b>83 318</b>	–	–	–	–	–	–	<b>83 318</b>	
Public corporations and private enterprises	83 318	–	–	–	–	–	–	83 318	
<b>Payments for capital assets</b>	<b>34</b>	–	–	<b>171</b>	–	–	<b>171</b>	<b>205</b>	
Machinery and equipment	34	–	–	171	–	–	171	205	
<b>Total</b>	<b>111 034</b>	–	–	<b>3 983</b>	–	–	<b>3 983</b>	<b>115 017</b>	

**Programme 4: Enterprise Development and Entrepreneurship**

Subprogramme		2018/19							Adjusted appropriation
R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation		
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
Enterprise and Supplier Development	787 078	–	–	74 250	–	–	74 250	861 328	
SMMEs Programme Design and Support	290 968	–	–	6 813	–	–	6 813	297 781	
SMME Competitiveness	89 427	–	–	(32 107)	–	–	(32 107)	57 320	
Entrepreneurship	62 804	–	–	(55 365)	–	–	(55 365)	7 439	
<b>Total</b>	<b>1 230 277</b>	–	–	<b>(6 409)</b>	–	–	<b>(6 409)</b>	<b>1 223 868</b>	
<b>Economic classification</b>									
<b>Current payments</b>	<b>51 893</b>	–	–	<b>(6 739)</b>	–	–	<b>(6 739)</b>	<b>45 154</b>	
Compensation of employees	42 648	–	–	(6 609)	–	–	(6 609)	36 039	
Goods and services	9 245	–	–	(130)	–	–	(130)	9 115	
<b>Transfers and subsidies</b>	<b>1 178 280</b>	–	–	<b>227</b>	–	–	<b>227</b>	<b>1 178 507</b>	
Departmental agencies and accounts	769 452	–	–	70 637	–	–	70 637	840 089	
Public corporations and private enterprises	408 828	–	–	(70 637)	–	–	(70 637)	338 191	
Households	–	–	–	227	–	–	227	227	
<b>Payments for capital assets</b>	<b>104</b>	–	–	<b>103</b>	–	–	<b>103</b>	<b>207</b>	
Machinery and equipment	104	–	–	103	–	–	103	207	
<b>Total</b>	<b>1 230 277</b>	–	–	<b>(6 409)</b>	–	–	<b>(6 409)</b>	<b>1 223 868</b>	

**Details of adjustments to Estimates of National Expenditure 2018**

**Virements and shifts within the vote**

Programmes					
1. Administration					
2. Sector Policy and Research					
3. Integrated Cooperative Development					
4. Enterprise Development and Entrepreneurship					
FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
<b>Programme 1</b>		<b>(2 257)</b>	<b>Programme 1</b>		<b>1 881</b>
Compensation of employees	Vacant posts <sup>1</sup>	(81)	Households	Leave payouts	81
Machinery and equipment	Reclassification of funds incorrectly classified in the 2018 ENE <sup>1</sup>	(1 800)	Goods and services	Operating leases <sup>1</sup>	1 800
	Finance leases	(34)	<b>Programme 2</b>		<b>34</b>
	Finance leases	(171)	Machinery and equipment	Finance leases	34
			<b>Programme 3</b>		<b>171</b>
			Machinery and equipment	Finance leases	171

<b>FROM:</b>			<b>TO:</b>		
<b>Programme by economic classification</b>	<b>Motivation</b>	<b>R thousand</b>	<b>Programme by economic classification</b>	<b>Motivation</b>	<b>R thousand</b>
			<b>Programme 4</b>		<b>103</b>
	Finance leases	(103)	Machinery and equipment	Finance leases	103
			<b>Programme 1</b>		<b>68</b>
Goods and services	Venues and facilities	(54)	Households	Leave payouts	54
	Venues and facilities	(14)	Software and other intangible assets	Software	14
Shifts within the programme as a percentage of the programme budget		1.6%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>0.2%</b>			
<b>Programme 2</b>		<b>(107)</b>	<b>Programme 2</b>		<b>107</b>
Goods and services	Venues and facilities	(107)	Households	Donation to Global Business Roundtable World Congress	107
Shifts within the programme as a percentage of the programme budget		0.5%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>0.0%</b>			
<b>Programme 3</b>		<b>(2 700)</b>	<b>Programme 1</b>		<b>2 700</b>
Goods and services	Consultants, venues and facilities	(2 700)	Goods and services	Consultants	2 700
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>2.4%</b>			
<b>Programme 4</b>		<b>(77 376)</b>	<b>Programme 3</b>		<b>6 512</b>
Compensation of employees	Alignment of budget with organisational structure	(6 512)	Compensation of employees	Alignment of budget with organisational structure	6 512
	Vacant posts <sup>1</sup>	(97)	<b>Programme 4</b>		<b>70 864</b>
Goods and services	Consultants, venues and facilities	(130)	Households	Leave payouts	97
Public corporations and private enterprises	National informal business upliftment scheme and enterprise incubation programme <sup>1</sup>	(70 637)	Households	Leave payouts	130
			Departmental agencies and accounts	Centres for entrepreneurship and migration enterprise development programme <sup>1</sup>	70 637
Shifts within the programme as a percentage of the programme budget		5.8%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>0.5%</b>			
<b>Total</b>		<b>(82 440)</b>			<b>82 440</b>

1. National Treasury approval has been obtained.

## Gifts, donations and sponsorships – R100 000

Programme 2: Sector Policy and Research

The department donated R100 000 to the Global Business Roundtable for hosting the Global Business Roundtable World Congress.

## Expenditure outcome for 2017/18 and actual expenditure for 2018/19

Programme	2017/18					2018/19			
	Audited outcome					Actual expenditure			
R thousand	Adjusted appropriation	Apr 17 - Sep 17	Apr 17 - Sep 17 % of adjusted appropriation	Apr 17 - Mar 18	Apr 17 - Mar 18 % of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 18 - Sep 18	Apr 18 - Sep 18 % of adjusted appropriation
Administration	121 614	53 170	43.7	116 999	96.2	127 121	8.5	58 758	46.2
Sector Policy and Research	17 999	4 171	23.2	16 748	93.0	22 447	1.5	7 205	32.1
Integrated Cooperative Development Enterprise	95 004	26 574	28.0	99 204	104.4	115 017	7.7	29 624	25.8
Development and Entrepreneurship	1 241 053	615 466	49.6	1 226 533	98.8	1 223 868	82.2	635 727	51.9
<b>Total</b>	<b>1 475 670</b>	<b>699 381</b>	<b>47.4</b>	<b>1 459 484</b>	<b>98.9</b>	<b>1 488 453</b>	<b>100.0</b>	<b>731 314</b>	<b>49.1</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>203 970</b>	<b>93 443</b>	<b>45.8</b>	<b>207 107</b>	<b>101.5</b>	<b>222 384</b>	<b>14.9</b>	<b>98 179</b>	<b>44.1</b>
Compensation of employees	132 452	61 922	46.8	129 006	97.4	140 632	9.4	66 016	46.9
Goods and services	71 518	31 521	44.1	78 101	109.2	81 752	5.5	32 163	39.3
<b>Transfers and subsidies</b>	<b>1 266 146</b>	<b>605 206</b>	<b>47.8</b>	<b>1 245 919</b>	<b>98.4</b>	<b>1 262 067</b>	<b>84.8</b>	<b>631 585</b>	<b>50.0</b>
Departmental agencies and accounts	767 301	409 865	53.4	811 301	105.7	840 089	56.4	486 295	57.9
Public corporations and private enterprises	498 845	195 267	39.1	434 460	87.1	421 509	28.3	144 843	34.4
Households	–	74	0.0	158	0.0	469	0.0	447	95.3
<b>Payments for capital assets</b>	<b>5 554</b>	<b>732</b>	<b>13.2</b>	<b>6 458</b>	<b>116.3</b>	<b>4 002</b>	<b>0.3</b>	<b>1 550</b>	<b>38.7</b>
Machinery and equipment	5 554	732	13.2	4 960	89.3	3 988	0.3	1 536	38.5
Software and other intangible assets	–	–	0.0	1 498	0.0	14	0.0	14	100.0
<b>Total</b>	<b>1 475 670</b>	<b>699 381</b>	<b>47.4</b>	<b>1 459 484</b>	<b>98.9</b>	<b>1 488 453</b>	<b>100.0</b>	<b>731 314</b>	<b>49.1</b>

### Expenditure trends for the first half of 2018/19

Total expenditure in 2017/18 was R1.5 billion, 98.9 per cent of the adjusted appropriation for the year. Mid-year expenditure in 2017/18 was R699.4 million, 47.4 per cent of the 2017/18 adjusted appropriation, whereas expenditure in the first half of 2018/19 was R731.3 million, 49.1 per cent of the adjusted appropriation for the year. Compared to the first half of 2017/18, expenditure over the same period in 2018/19 increased by R31.9 million, 4.6 per cent. This was mainly due to a transfer to the agency for the implementation of the national informal business upliftment scheme.

### Departmental receipts

R thousand	2017/18					2018/19				
	Adjusted estimate	Audited outcome			Actual receipts					
		Apr 17 - Sep 17	Apr 17 - Sep 17 % of adjusted estimate	Apr 17 - Mar 18	Apr 17 - Mar 18 % of adjusted estimate	Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Apr 18 - Sep 18	Apr 18 - Sep 18 % of adjusted estimate
<b>Departmental receipts</b>	<b>210</b>	<b>168</b>	<b>80.0</b>	<b>551</b>	<b>262.4</b>	<b>60</b>	<b>112</b>	<b>100.0</b>	<b>72</b>	<b>64.3</b>
Sales of goods and services produced by department	210	27	12.9	52	24.8	60	60	53.6	28	46.7
Interest, dividends and rent on land	–	–	–	2	–	–	2	1.8	–	–
Transactions in financial assets and liabilities	–	141	–	497	–	–	50	44.6	44	88.0
<b>Total</b>	<b>210</b>	<b>168</b>	<b>80.0</b>	<b>551</b>	<b>262.4</b>	<b>60</b>	<b>112</b>	<b>100.0</b>	<b>72</b>	<b>64.3</b>

## Revenue trends for the first half of 2018/19

Mid-year revenue in 2017/18 was R168 000, 80 per cent of the adjusted estimate for the year, whereas revenue in the first half of 2018/19 was R72 000, 64.3 per cent of the 2018/19 adjusted estimate. Compared to the first six months of 2017/18, revenue over the same period in 2018/19 decreased by R96 000, 57.1 per cent, mainly due to a decrease in revenue collected through penalties from defaulting service providers.

## Changes to transfers and subsidies

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

R thousand	2018/19							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
<b>Administration</b>								
<b>Households</b>								
<b>Social benefits</b>								
<b>Current</b>	–	–	–	135	–	–	135	135
Employee social benefit	–	–	–	135	–	–	135	135
<b>Sector Policy and Research</b>								
<b>Households</b>								
<b>Social benefits</b>								
<b>Current</b>	–	–	–	7	–	–	7	7
Employee social benefit	–	–	–	7	–	–	7	7
<b>Households</b>								
<b>Other transfers to households</b>								
<b>Current</b>	–	–	–	100	–	–	100	100
Gifts and donations	–	–	–	100	–	–	100	100
<b>Enterprise Development and Entrepreneurship</b>								
<b>Departmental agencies and accounts</b>								
<b>Departmental agencies (non-business entities)</b>								
<b>Current</b>	159 211	–	–	70 637	–	–	70 637	229 848
Small Enterprise Development Agency: Technology programme	144 622	–	–	54 737	–	–	54 737	199 359
Small Enterprise Development Agency: Capacity Building Programme	14 589	–	–	15 900	–	–	15 900	30 489
<b>Public corporations and private enterprises</b>								
<b>Private enterprises</b>								
<b>Other transfers</b>								
<b>Current</b>	127 875	–	–	(70 637)	–	–	(70 637)	57 238
Various institutions: National informal business upliftment scheme	73 138	–	–	(15 900)	–	–	(15 900)	57 238
Various institutions: Enterprise incubation programme	54 737	–	–	(54 737)	–	–	(54 737)	–
<b>Households</b>								
<b>Social benefits</b>								
<b>Current</b>	–	–	–	227	–	–	227	227
Employee social benefits	–	–	–	227	–	–	227	227

