

# Vote 31

## Small Business Development

### Adjusted budget summary

R thousand	2019/20			Adjusted appropriation
	Appropriation	Adjustments appropriation		
		Decrease	Increase	
<b>Amount to be appropriated</b>	<b>2 568 552</b>	<b>(300 284)</b>	<b>284</b>	<b>2 268 552</b>
<i>of which:</i>				
Current payments	237 931	(575)	–	237 356
Transfers and subsidies	2 326 347	(299 709)	–	2 026 638
Payments for capital assets	4 274	–	284	4 558
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

Indicator	Programme	MTSF Outcome	Annual performance		
			Projected for 2019/20 as published in the 2019 ENE	Achieved in the first half of 2019/20 (April to September)	Changed target for 2019/20
Value of funding disbursed to cooperatives through the cooperatives incentive scheme per year	Integrated Cooperative Development	Outcome 4: Decent employment through inclusive growth	R87.9m	R17.8m	–
Number of cooperatives supported through training per year	Integrated Cooperative Development		240	82	–
Number of black-owned small, medium and micro enterprises assisted through the black business supplier development programme per year	Enterprise Development and Entrepreneurship		715	35	–
Number of informal business infrastructure funded through the shared economic Infrastructure facility per year	Enterprise Development and Entrepreneurship	Outcome 7: Comprehensive rural development and land reform	10	4	–
Number of informal enterprises financially assisted through the national informal business upliftment scheme per year	Enterprise Development and Entrepreneurship		1 500	956	–

### Mid-year progress

During the first half of 2019/20, R17.8 million was disbursed to cooperatives through the cooperative incentive scheme against an annual target of R87.9 million; and 82 cooperatives were trained against an annual target of 240. This underperformance was as a result of suspending the scheme due to a change in

the department's funding model. The department has since adopted a new funding implementation model, which will commence in the second half of 2019/20. The change in the funding model also affected assistance to black-owned small, medium and micro enterprises, with just 35 assisted in the first half of 2019/20 against an annual target of 715. However, the overachievement by mid-year regarding the number of informal enterprises financially assisted through the national informal business upliftment scheme (956 against an annual target of 1 500) was due to the programme being jointly implemented with the Small Enterprise Development Agency.

## Adjusted estimates

Programme	2019/20							Adjusted appropriation
	Appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments		
R thousand								
Administration	124 388	–	–	–	–	–	–	124 388
Sector Policy and Research	35 615	–	(3 300)	–	–	–	(3 300)	32 315
Integrated Cooperative Development	127 628	–	1 400	–	–	–	1 400	129 028
Enterprise Development and Entrepreneurship	2 280 921	–	1 900	–	(300 000)	–	(298 100)	1 982 821
<b>Total</b>	<b>2 568 552</b>	–	–	–	<b>(300 000)</b>	–	<b>(300 000)</b>	<b>2 268 552</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>237 931</b>	–	<b>(575)</b>	–	–	–	<b>(575)</b>	<b>237 356</b>
Compensation of employees	151 808	–	(291)	–	–	–	(291)	151 517
Goods and services	86 123	–	(284)	–	–	–	(284)	85 839
<b>Transfers and subsidies</b>	<b>2 326 347</b>	–	<b>291</b>	–	<b>(300 000)</b>	–	<b>(299 709)</b>	<b>2 026 638</b>
Departmental agencies and accounts	867 763	–	15 000	–	–	–	15 000	882 763
Public corporations and private enterprises	1 458 584	–	(15 000)	–	(300 000)	–	(315 000)	1 143 584
Households	–	–	291	–	–	–	291	291
<b>Payments for capital assets</b>	<b>4 274</b>	–	<b>284</b>	–	–	–	<b>284</b>	<b>4 558</b>
Machinery and equipment	4 274	–	284	–	–	–	284	4 558
<b>Total</b>	<b>2 568 552</b>	–	–	–	<b>(300 000)</b>	–	<b>(300 000)</b>	<b>2 268 552</b>

### Programme 1: Administration

Subprogramme	2019/20							Adjusted appropriation
	Appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments		
R thousand								
Ministry	26 472	–	1 320	–	–	–	1 320	27 792
Departmental Management	18 500	–	(355)	–	–	–	(355)	18 145
Corporate Services	54 128	–	(930)	–	–	–	(930)	53 198
Financial Management	20 324	–	(35)	–	–	–	(35)	20 289
Communications	4 964	–	–	–	–	–	–	4 964
<b>Total</b>	<b>124 388</b>	–	–	–	–	–	–	<b>124 388</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>120 566</b>	–	<b>(277)</b>	–	–	–	<b>(277)</b>	<b>120 289</b>
Compensation of employees	64 211	–	(277)	–	–	–	(277)	63 934
Goods and services	56 355	–	–	–	–	–	–	56 355
<b>Transfers and subsidies</b>	–	–	<b>277</b>	–	–	–	<b>277</b>	<b>277</b>
Households	–	–	277	–	–	–	277	277
<b>Payments for capital assets</b>	<b>3 822</b>	–	–	–	–	–	–	<b>3 822</b>
Machinery and equipment	3 822	–	–	–	–	–	–	3 822
<b>Total</b>	<b>124 388</b>	–	–	–	–	–	–	<b>124 388</b>

**Programme 2: Sector Policy and Research**

Subprogramme		2019/20							Adjusted appropriation
		Adjustments appropriation						Total adjustments appropriation	
R thousand	Appropriation	Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments			
Research	17 330	–	–	–	–	–	–	17 330	
Policy and Legislation	5 706	–	–	–	–	–	–	5 706	
International Relations	6 026	–	–	–	–	–	–	6 026	
Monitoring and Evaluation	6 553	–	(3 300)	–	–	–	(3 300)	3 253	
<b>Total</b>	<b>35 615</b>	–	<b>(3 300)</b>	–	–	–	<b>(3 300)</b>	<b>32 315</b>	
<b>Economic classification</b>									
<b>Current payments</b>	<b>35 520</b>	–	<b>(3 315)</b>	–	–	–	<b>(3 315)</b>	<b>32 205</b>	
Compensation of employees	19 830	–	–	–	–	–	–	19 830	
Goods and services	15 690	–	(3 315)	–	–	–	(3 315)	12 375	
<b>Payments for capital assets</b>	<b>95</b>	–	<b>15</b>	–	–	–	<b>15</b>	<b>110</b>	
Machinery and equipment	95	–	15	–	–	–	15	110	
<b>Total</b>	<b>35 615</b>	–	<b>(3 300)</b>	–	–	–	<b>(3 300)</b>	<b>32 315</b>	

**Programme 3: Integrated Cooperative Development**

Subprogramme		2019/20							Adjusted appropriation
		Adjustments appropriation						Total adjustments appropriation	
R thousand	Appropriation	Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments			
Cooperatives Development	9 038	–	(13)	–	–	–	(13)	9 025	
Cooperatives Programme Design and Support	105 511	–	–	–	–	–	–	105 511	
Supplier Development and Market Access Support	13 079	–	1 413	–	–	–	1 413	14 492	
<b>Total</b>	<b>127 628</b>	–	<b>1 400</b>	–	–	–	<b>1 400</b>	<b>129 028</b>	
<b>Economic classification</b>									
<b>Current payments</b>	<b>39 505</b>	–	<b>1 131</b>	–	–	–	<b>1 131</b>	<b>40 636</b>	
Compensation of employees	33 209	–	–	–	–	–	–	33 209	
Goods and services	6 296	–	1 131	–	–	–	1 131	7 427	
<b>Transfers and subsidies</b>	<b>87 984</b>	–	–	–	–	–	–	<b>87 984</b>	
Public corporations and private enterprises	87 984	–	–	–	–	–	–	87 984	
<b>Payments for capital assets</b>	<b>139</b>	–	<b>269</b>	–	–	–	<b>269</b>	<b>408</b>	
Machinery and equipment	139	–	269	–	–	–	269	408	
<b>Total</b>	<b>127 628</b>	–	<b>1 400</b>	–	–	–	<b>1 400</b>	<b>129 028</b>	

**Programme 4: Enterprise Development and Entrepreneurship**

Subprogramme		2019/20							Adjusted appropriation
		Adjustments appropriation						Total adjustments appropriation	
R thousand	Appropriation	Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments			
Enterprise and Supplier Development	889 000	–	1 016 900	–	(300 000)	–	716 900	1 605 900	
SMMEs Programme Design and Support	1 384 885	–	(1 015 000)	–	–	–	(1 015 000)	369 885	
Entrepreneurship	7 036	–	–	–	–	–	–	7 036	
<b>Total</b>	<b>2 280 921</b>	–	<b>1 900</b>	–	<b>(300 000)</b>	–	<b>(298 100)</b>	<b>1 982 821</b>	
<b>Economic classification</b>									
<b>Current payments</b>	<b>42 340</b>	–	<b>1 886</b>	–	–	–	<b>1 886</b>	<b>44 226</b>	
Compensation of employees	34 558	–	(14)	–	–	–	(14)	34 544	
Goods and services	7 782	–	1 900	–	–	–	1 900	9 682	

**Programme 4: Enterprise Development and Entrepreneurship (continued)**

Economic classification	2019/20							Adjusted appropriation
	Appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments		
R thousand								
<b>Transfers and subsidies</b>	<b>2 238 363</b>	–	<b>14</b>	–	<b>(300 000)</b>	–	<b>(299 986)</b>	<b>1 938 377</b>
Departmental agencies and accounts	867 763	–	15 000	–	–	–	15 000	882 763
Public corporations and private enterprises	1 370 600	–	(15 000)	–	(300 000)	–	(315 000)	1 055 600
Households	–	–	14	–	–	–	14	14
<b>Payments for capital assets</b>	<b>218</b>	–	–	–	–	–	–	<b>218</b>
Machinery and equipment	218	–	–	–	–	–	–	218
<b>Total</b>	<b>2 280 921</b>	–	<b>1 900</b>	–	<b>(300 000)</b>	–	<b>(298 100)</b>	<b>1 982 821</b>

**Details of adjustments to the 2019 Estimates of National Expenditure****Virements and shifts within the vote****Programmes**

- Administration
- Sector Policy and Research
- Integrated Cooperative Development
- 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>(277)</b>	<b>Programme 1</b>		<b>277</b>
Compensation of employees	Vacant posts <sup>1</sup>	(277)	Households	Leave gratuities	277
Shifts within the programme as a percentage of the programme budget		0.2%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>0.0%</b>			
<b>Programme 2</b>		<b>(3 315)</b>	<b>Programme 2</b>		<b>15</b>
Goods and services	Consultants	(15)	Machinery and equipment	Finance leases	15
	Consultants	(1 400)	<b>Programme 3</b>		<b>1 400</b>
	Consultants	(1 900)	Goods and services	Venues and facilities	1 400
			<b>Programme 4</b>		<b>1 900</b>
			Goods and services	Computer services	1 900
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>9.3%<sup>2</sup></b>			
<b>Programme 3</b>		<b>(269)</b>	<b>Programme 3</b>		<b>269</b>
Goods and services	Travel and subsistence	(269)	Machinery and equipment	Finance leases	269
Shifts within the programme as a percentage of the programme budget		0.2%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>0.0%</b>			
<b>Programme 4</b>		<b>(15 014)</b>	<b>Programme 4</b>		<b>15 014</b>
Compensation of employees	Vacant posts <sup>1</sup>	(14)	Households	Leave gratuities	14
Public corporations and private enterprises	National informal business upliftment scheme <sup>1</sup>	(15 000)	Departmental agencies and accounts	Informal micro enterprise development programme <sup>1</sup>	15 000
Shifts within the programme as a percentage of the programme budget		0.7%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>0.0%</b>			
<b>Total</b>		<b>(18 875)</b>			<b>18 875</b>

- National Treasury approval has been obtained.
- Only the legislature may approve this virement.

**Declared unspent funds – R300 million**

Programme 4: Enterprise Development and Entrepreneurship

R300 million in unspent funds has been declared on the small business and innovation fund due to delays in rolling out the programme.

**Expenditure outcome for 2018/19 and actual expenditure for 2019/20**

Programme	2018/19					2019/20			
	Adjusted appropriation	Outcome		Adjusted appropriation	Adjusted appropriation/Total (%)	Actual expenditure		Adjusted appropriation	Adjusted appropriation/Total (%)
Apr 18 - Sep 18		% of adjusted appropriation	Apr 18 - Mar 19			% of adjusted appropriation	Apr 19 - Sep 19		
R thousand									
Administration	127 121	58 762	46.2	125 451	98.7	124 388	5.5	57 475	46.2
Sector Policy and Research	22 447	7 205	32.1	17 023	75.8	32 315	1.4	9 134	28.3
Integrated Cooperative Development	115 017	29 621	25.8	75 278	65.4	129 028	5.7	34 337	26.6
Enterprise Development and Entrepreneurship	1 223 868	635 727	51.9	1 201 766	98.2	1 982 821	87.4	805 635	40.6
<b>Total</b>	<b>1 488 453</b>	<b>731 314</b>	<b>49.1</b>	<b>1 419 518</b>	<b>95.4</b>	<b>2 268 552</b>	<b>100.0</b>	<b>906 581</b>	<b>40.0</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>222 384</b>	<b>98 179</b>	<b>44.1</b>	<b>206 588</b>	<b>92.9</b>	<b>237 356</b>	<b>10.5</b>	<b>98 148</b>	<b>41.4</b>
Compensation of employees	140 632	66 017	46.9	133 036	94.6	151 517	6.7	67 322	44.4
Goods and services	81 752	32 163	39.3	73 551	90.0	85 839	3.8	30 825	35.9
<b>Transfers and subsidies</b>	<b>1 262 067</b>	<b>631 585</b>	<b>50.0</b>	<b>1 206 447</b>	<b>95.6</b>	<b>2 026 638</b>	<b>89.3</b>	<b>806 885</b>	<b>39.8</b>
Departmental agencies and accounts	840 089	486 295	57.9	840 089	100.0	882 763	38.9	544 067	61.6
Public corporations and private enterprises	421 509	144 843	34.4	365 703	86.8	1 143 584	50.4	262 654	23.0
Households	469	447	95.3	655	139.6	291	0.0	164	56.4
<b>Payments for capital assets</b>	<b>4 002</b>	<b>1 550</b>	<b>38.7</b>	<b>6 483</b>	<b>162.0</b>	<b>4 558</b>	<b>0.2</b>	<b>1 549</b>	<b>34.0</b>
Machinery and equipment	3 988	1 536	38.5	5 030	126.1	4 558	0.2	1 549	34.0
Software and other intangible assets	14	14	99.3	1 454	10 383.8	–	–	–	–
<b>Total</b>	<b>1 488 453</b>	<b>731 314</b>	<b>49.1</b>	<b>1 419 518</b>	<b>95.4</b>	<b>2 268 552</b>	<b>100.0</b>	<b>906 581</b>	<b>40.0</b>

**Expenditure trends for the first half of 2019/20**

Total expenditure in 2018/19 was R1.4 billion, 95.4 per cent of the adjusted appropriation for the year. Mid-year expenditure in 2018/19 was R731.3 million, 49.1 per cent of the adjusted appropriation, whereas expenditure in the first half of 2019/20 was 906.6 million, 40 per cent of the adjusted appropriation of R2.3 billion for the year. Compared to the first half of 2018/19, expenditure over the same period in 2019/20 increased by R175.3 million, 24 per cent. This was mainly due to transfers to the Small Enterprise Development Agency to implement programmes that were transferred to it from the department.

## Departmental receipts

R thousand	2018/19					2019/20				
	Outcome					Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Actual receipts	
	Adjusted estimate	Apr 18 - Sep 18	Apr 18 - Sep 18 % of adjusted estimate	Apr 18 - Mar 19	Apr 18 - Mar 19 % of adjusted estimate				Apr 19 - Sep 19	Apr 19 - Sep 19 % of adjusted estimate
<b>Departmental receipts</b>	<b>112</b>	<b>72</b>	<b>64.3</b>	<b>1 329</b>	<b>1 186.6</b>	<b>70</b>	<b>23 234</b>	<b>100.0</b>	<b>23 199</b>	<b>99.8</b>
Sales of goods and services produced by department	60	28	46.7	57	95.0	70	56	0.2	28	50.0
Transfers received	-	-	-	-	-	-	23 000	99.0	23 000	100.0
Interest, dividends and rent on land	2	-	-	1	50.0	-	14	0.1	7	50.0
Sales of capital assets	-	-	-	175	-	-	145	0.6	145	100.0
Transactions in financial assets and liabilities	50	44	88.0	1 096	2 192.0	-	19	0.1	19	100.0
<b>Total</b>	<b>112</b>	<b>72</b>	<b>64.3</b>	<b>1 329</b>	<b>1 186.6</b>	<b>70</b>	<b>23 234</b>	<b>100.0</b>	<b>23 199</b>	<b>99.8</b>

## Revenue trends for the first half of 2019/20

Mid-year revenue in 2018/19 was R72 000, 64.3 per cent of the 2018/19 estimate, whereas revenue in the first half of 2019/20 was R23.2 million, 99.8 per cent of the adjusted estimate for the year. Compared to the first half of 2018/19, revenue over the same period in 2019/20 increased by R23.1 million, 32 120.8 per cent. This was mainly due to funds from the Small Enterprise Development Agency surrendered to the National Revenue Fund.

## Changes to transfers and subsidies

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

R thousand	2019/20							Adjusted appropriation
	Appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments		
<b>Administration</b>								
<b>Households</b>								
<b>Social benefits</b>								
<b>Current</b>	-	-	277	-	-	-	277	277
Households	-	-	277	-	-	-	277	277
<b>Enterprise Development and Entrepreneurship</b>								
<b>Departmental agencies and accounts</b>								
<b>Departmental agencies (non-business entities)</b>								
<b>Current</b>	665 076	-	15 000	-	-	-	15 000	680 076
Small Enterprise Development Agency	665 076	-	15 000	-	-	-	15 000	680 076
<b>Public corporations and private enterprises</b>								
<b>Public corporations</b>								
<b>Other transfers</b>								
<b>Current</b>	1 000 000	-	-	-	(300 000)	-	(300 000)	700 000
Small Enterprise Finance Agency: Small business and innovation fund	1 000 000	-	-	-	(300 000)	-	(300 000)	700 000

## Summary of changes to transfers and subsidies per programme (continued)

		2019/20							
		Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation	
R thousand	Appropriation	Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments			
<b>Public corporations and private enterprises</b>									
<b>Private enterprises</b>									
<b>Current</b>		<b>73 914</b>	<b>–</b>	<b>(15 000)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(15 000)</b>	<b>58 914</b>
Various institutions:		73 914	–	(15 000)	–	–	–	(15 000)	58 914
National informal business upliftment scheme									
<b>Households</b>									
<b>Social benefits</b>									
<b>Current</b>		<b>–</b>	<b>–</b>	<b>14</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>14</b>	<b>14</b>
Employee social benefits		–	–	14	–	–	–	14	14

