

**NATIONAL ASSEMBLY  
QUESTION FOR WRITTEN REPLY  
QUESTION NUMBER: 21 [NW26E]  
DATE OF PUBLICATION: 17 JUNE 2014**

**21. Dr M J Figg (DA) to ask the Minister of Finance:**

- (1) What has been the exact increase in the cost of the new Cabinet to the taxpayer from last financial year to the current financial year;
- (2) with regard to the Department of Small Business Development (a) has a cost benefit analysis been done and (b) what budget has been allocated to the new Ministry?

NW26E

**REPLY:**

- (1) Provision will be made on existing budget votes for the establishment of new Ministry and Deputy Ministry offices in the 2014/15 financial year. This provision will be made, mostly through expenditure reprioritisation, at an average cost of R4 million for a new Deputy Ministry and R8 million for a new Ministry. The carry through costs in respect of this will be provided for in each year of the 2015 medium term expenditure framework period, by departments reprioritising their existing budget allocations. Operational costs incurred by departments must be in line with cost containment guidelines issued by the National Treasury.

In respect of the transfer of functions between departments, including to newly established departments, section 33 of the Public Finance Management Act

(PFMA), 1999 stipulates that as functions are transferred between departments; so are the associated funds.

- (2)(a) While no formal cost-benefit analysis has been carried out, it is expected that the new Department of Small Business Development will be cost-effective. With the establishment of the Department, the consolidation of government's assistance to small business and co-operatives into one entity, which solely is responsible for understanding the issues and constraints facing the sector and formulating the optimal policy response, is expected to lead to improved performance in terms of the government support which is being provided to small businesses and co-operatives. Small businesses tend to be more labour-intensive than larger companies, so more focussed government policy in this regard should lead to employment gains, as well as productivity gains.
- (b) The Department of Small Business Development is in the process of being established through the 2014 National Macro Organisation of the State project, led by the Department of Public Service and Administration. Through this process, as functions are transferred from other departments, the associated budgets will also be transferred and appropriated in an appropriation act, as legislated in section 33 of the PFMA. Prior to allocations being appropriated for the Department of Small Business Development, spending for the current operational activities will be allocated against the Department of Trade and Industry. The Department of Small Business Development has been aligned to this Department for transitional purposes.