

QUARTERLY EXPENDITURE REPORTING FOR PUBLIC ENTITIES

STANDING COMMITTEE ON APPROPRIATIONS

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national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



BACKGROUND

Types of public entities and what Public Finance reports on

- Schedule 1: Constitutional institutions e.g. Public Protector
- Schedule 2: Major public entities e.g. ESKOM
- Schedule 3
 - Part A: National government public entities e.g. Iziko Museums
 - Part B: National government business enterprises e.g. PRASA
 - Part C: Provincial public entities e.g. EC Parks & Tourism Agency
 - Part D: Provincial business enterprises e.g. Ithala Development Finance Corporation

FINANCING AND FUNDING OF PUBLIC ENTITIES

SASSA	NSFAS	SARS
SANRAL	NSF	Service SETA
Legal Aid SA	NHLS	PRASA
NEF	SANP	IDC
NRF	SAT	RAF
Compensation Fund		UIF
NSF		

Levies e.g. UIF

User charges e.g. SANRAL

Appropriations e.g.
Nelson Mandela Museum

CHALLENGES IN REPORTING ON PUBLIC ENTITIES

- System for verification of data
 - Data provided by public entities (either to their relevant executive authorities or NT) is not on the Basic Accounting System (BAS) and thus cannot be verified
- They do not have budget programme structures like a department that are approved by the relevant treasury and hence:
 - their 'programmes' are not necessarily linked to deliverable objectives
 - their spending is only in economic classification terms
- Accounting standards: departments use a modified cash basis vs. accrual accounting for public entities
 - The main difference between accrual and cash basis accounting lies in the timing of when revenue and expenses are recognised
 - The cash method accounts for revenue only when the money is received and for expenses only when the money is paid out **VS** in accrual accounting where revenue/expenditure is recorded even if the cash has not yet been received/paid

CHALLENGES IN REPORTING ON PUBLIC ENTITIES (2)

- In accrual accounting, when you purchase a long-lived asset, such as a vehicle, a building or a computer, you don't immediately write off the full cost as an expense. Rather, you spread the cost over the expected life of the asset, an accounting procedure known as depreciation
- In relation to capital expenditure in public entities, only the portion of funds that will be spent is recognised as expenditure, the rest is accounted for on the balance sheet as deferred income
- Number and type of public entities do not enable a comparative analysis (Service delivery agencies, Regulators, Development Finance Institutions, Social Security Funds)
- Different financial years – e.g. water boards operate on the municipal financial year from July to June (not on the April to March financial year)

COMPENSATION FUND

Compensation Fund, including Reserve Fund

	2020/21 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	4 751 910	2 375 955	2 310 892	65 063
Sales of goods and services other than capital assets	65 360	32 680	-	32 680
<i>Administrative fees</i>	65 360	32 680	-	32 680
Fines, penalties and forfeits	243 602	121 801	49 597	72 204
Interest, dividends and rent on land	4 442 948	2 221 474	2 261 295	(39 821)
Transfers received (Assessment Levy)	9 393 907	4 696 954	8 037 129	(3 340 176)
Total receipts	14 145 817	7 072 909	10 348 021	(3 275 112)
Current payments	2 664 365	1 570 648	448 104	1 122 544
Compensation of employees	953 863	715 397	315 299	400 098
Goods and services	1 710 502	855 251	131 638	723 613
Interest and rent on land	-	-	1 166	(1 166)
Transfers and subsidies (Benefit Payments)	4 149 889	2 074 945	2 060 034	14 911
Payments for capital assets	379 045	189 523	-	189 523
Machinery and equipment	379 045	189 523	-	189 523
Total payments	7 193 299	3 835 115	2 508 138	1 326 977
Surplus/deficit	6 952 518	3 237 793	7 839 883	(4 602 090)

COMPENSATION FUND

- The Fund generates its revenue from an assessment levy on employers. Due to increased advocacy and marketing campaigns resulting in increased compliance by employers in submitting their Return on Earnings, the Fund received R3.3 billion more than projected by the end of quarter two.
- The slowest spending item is cash paid to households for COIDA (Compensation for Occupational Injuries and Diseases Act) claims:
 - claims paid amounted to R2.1 billion which is R14.9 million less than forecasted. This is mainly attributed to delays in the new CompEasy system interfacing with the SAPFI financial system.
- The lower than planned spending on compensation of employees is mainly due to delays in paying the Department of Employment and Labour August and September expenditure claims based on the percentage split as well as vacant posts.
- Spending on goods and services was R131.6 million, which was R723.6 million lower than projected. Lower spending is due to most of the activities being put on hold due to the lockdown restrictions such as the purchase of servers, data migration, archiving & decommissioning services; procurement of SAP and non-SAP resources etc. This will be paid later in the 2020/21 financial year.
- Cash available at the end of the quarter amounted to R7.8 billion which is R4.6 billion more than projected mainly due to delayed spending as a result of lockdown restrictions and the delays with the CompEasy system interfacing with the financial system, SAPFI.

LEGAL AID SOUTH AFRICA

	2020/21 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	29 049	15 987	23 663	(7 676)
Sales of goods and services other than capital assets	1 571	1 055	8 706	(7 651)
<i>Administrative fees</i>	126	55	10	45
<i>Other sales</i>	1 445	1 000	8 696	(7 696)
Interest, dividends and rent on land	21 595	10 967	11 856	(889)
Sales of capital assets	3 954	2 965	3 101	(136)
Financial transactions in assets and liabilities	1 929	1 000	-	1 000
<i>Other receipts</i>	1 929	1 000	-	1 000
Transfers received	2 086 096	1 039 214	1 039 214	-
Total receipts	2 115 145	1 055 201	1 062 877	(7 676)
Current payments	1 967 150	853 451	891 631	(38 180)
Compensation of employees	1 624 402	776 147	776 147	-
Goods and services	342 748	77 304	115 449	(38 145)
Interest and rent on land	-	-	35	(35)
Payments for capital assets	34 089	7 755	5 587	2 168
Buildings and other fixed structures	30 124	5 214	2 577	2 637
Machinery and equipment	3 965	2 541	3 010	(469)
Total payments	2 001 239	861 206	897 218	(36 012)
Surplus/deficit	113 906	193 995	165 659	28 336

- At the end of quarter 2, revenue amounted to R1.1 billion against a projection of R1.1 billion. The entity's largest source of income is transfers from the Department of Justice and Constitutional Development.
- Higher than planned spending occurred mainly on goods and services (R38.1 million), mainly due to earlier than anticipated receipt and payment for 60 local rental office accommodation and ICT (Wireless Area Network) invoices. The overspending on these items will be covered by savings to be realised on the same invoices in quarter 3.
- Lower than planned expenditure on payments for capital assets (R2.2 million) mainly on building and other fixed structures can be attributed to leasehold and own building improvements, as a result of unavailability of contractors in the first quarter of the financial year which affected the second quarter's performance. The savings realised on this item will assist in covering the goods and services shortfall given the current budget cuts experienced.

NATIONAL EMPOWERMENT FUND

National Empowerment Fund

	2020/21 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	669 332	134 210	285 698	(151 488)
Interest, dividends and rent on land	266 515	127 835	74 987	52 848
Financial transactions in assets and liabilities	402 817	6 375	210 711	(204 336)
<i>Loan principal repayments</i>	346 953	-	63 841	(63 841)
<i>Other receipts</i>	55 864	6 375	146 870	(140 495)
Total receipts	669 332	134 210	285 698	(151 488)
Current payments	314 273	129 188	97 807	31 381
Compensation of employees	196 285	70 336	69 851	485
Goods and services	117 988	58 852	27 956	30 896
Payments for financial assets	360 000	180 000	244 955	(64 955)
Loan disbursements	360 000	180 000	244 955	(64 955)
Total payments	674 273	309 188	342 762	(33 574)
Surplus/deficit	(4 942)	(174 978)	(57 064)	(117 914)

NATIONAL EMPOWERMENT FUND

- The NEF derives its revenue from interest from loans, rent on land and unclassified revenue. During the quarter under review, revenue realized was more than projected by R151.5 million. This is attributable to Covid 19 relief funds which were recognized as revenue in line with GRAP 23 which stipulates that income from conditional transfers can be recognized when conditions have been met.
- There was notable higher than planned spending on payments for financial assets. This is because of increased disbursements in relation to Covid 19 relief funds.

NATIONAL HEALTH LABORATORY SERVICE

National Health Laboratory Service

	2020/21 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	9 076 179	4 538 090	4 171 970	366 120
Sales of goods and services other than capital assets	8 805 764	4 402 882	4 079 757	323 125
<i>Other sales</i>	8 805 764	4 402 882	4 079 757	323 125
Interest, dividends and rent on land	270 415	135 208	92 213	42 995
Transfers received	746 222	373 111	382 277	(9 166)
Total receipts	9 822 401	4 911 201	4 554 247	356 954
Current payments	8 276 083	4 138 042	5 844 929	(1 706 888)
Compensation of employees	4 272 853	2 136 427	1 881 477	254 950
Goods and services	4 000 810	2 000 405	3 963 444	(1 963 039)
Interest and rent on land	2 420	1 210	8	1 202
Payments for capital assets	427 000	230 875	220 854	10 021
Buildings and other fixed structures	132 000	64 000	256	63 744
Machinery and equipment	295 000	166 875	220 594	(53 719)
Software and other intangible assets	-	-	4	(4)
Total payments	8 703 083	4 368 917	6 065 783	(1 696 867)
Surplus/deficit	1 119 318	542 284	(1 511 536)	2 053 820

NATIONAL HEALTH LABORATORY SERVICE

- As at the end of the second quarter NHLS realised a cash deficit of R1.5 billion. This is lower than the projected surplus of R542.3 million for the period. The deficit largely emanates from higher than expected payment for goods and services (R3.9 billion spent from the forecast of R2 billion). This is largely due to COVID related expenditure, which was not anticipated, on the purchase of PPEs for pathologists and lab technicians, and COVID test kits.
- Receipts from the *sale of goods and services* is lower than the projection of R4.4 billion by R323.1 million mainly due some provinces not settling invoices timeously.
- The underspending in *compensation of the employees* of R254.9 million is due to the freezing of vacant posts, in an effort to control the COE budget, and non-implementation of incremental conditions of services. The NHLS intends to follow the broader public sector prescript to not implement the latter.
- Payment of Capital Assets: the R64.7 million underspending for *building and other fixed structures* relates to the limited availability of suppliers largely to due impact of national lockdown. The overspending of R53.7 million in *machinery and equipment* is due the purchase of mobile labs and lab equipment related for COVID testing.

NATIONAL RESEARCH FOUNDATION

National Research Foundation

R'000	2020/21 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
Receipts				
Non-tax receipts	101 127	33 143	27 239	5 904
Sales of goods and services other than capital assets	68 599	28 127	16 462	11 664
<i>Sales by market establishments</i>	67 212	27 631	9 595	18 036
<i>Other sales</i>	1 386	496	6 868	(6 372)
Interest, dividends and rent on land	32 528	5 016	10 777	(5 760)
Transfers received	3 965 181	2 882 042	2 095 997	786 046
Total receipts	4 066 308	2 915 186	2 123 236	791 950
Current payments	1 180 643	562 189	492 988	69 200
Compensation of employees	864 433	446 271	409 277	36 994
Goods and services	316 210	115 918	83 711	32 206
Transfers and subsidies	2 278 022	1 137 683	1 246 153	(108 470)
Payments for capital assets	356 275	44 879	47 052	(2 173)
Buildings and other fixed structures	93 996	4 239	5 548	(1 309)
Machinery and equipment	258 779	40 640	41 504	(864)
Land and sub-soil assets	3 500	-	-	-
Total payments	3 814 940	1 744 750	1 786 193	(41 442)
Surplus/deficit	251 367	1 170 435	337 043	833 392

NATIONAL RESEARCH FOUNDATION



- The National Research Foundation's (NRF) main source of revenue consists of the transfer payment from the Department of Science and Innovation and the remainder, "unclassified revenue" which includes contract revenue from other government departments and entities and interest received on funds invested.
- Revenue from transfers was projected at R4.1 billion for the financial year 2020/21. R2.1 billion was received during the second quarter, this constitutes 51.5 per cent of projected revenue for the year. The entity received R27.2 million in other revenue through the sale of goods and services and interest.
- Spending on goods and services at the end of the second quarter was lower than projected by R32.2 million of the projected spending of R115.9 million. The entity spent R83.7 million against an approved budget of R316.2 million. This is attributed to lower spending on grants and bursaries payments for scholarships and bursaries than anticipated.

NATIONAL SKILLS FUND

National Skills Fund

	2020/21 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	29 652	14 826	237 480	(222 654)
Interest, dividends and rent on land	29 652	14 826	237 480	(222 654)
Transfers received	1 941 289	970 645	896 777	73 868
Total receipts	1 970 941	985 471	1 134 257	(148 786)
Current payments	223 250	111 626	72 715	38 911
Compensation of employees	132 147	66 074	44 155	21 919
Goods and services	91 103	45 552	28 560	16 992
Transfers and subsidies	7 912 415	3 956 208	596 376	3 359 832
Payments for capital assets	1 164 184	582 093	10 408	571 685
Buildings and other fixed structures	1 158 985	579 493	10 408	569 085
Machinery and equipment	5 199	2 600	-	2 600
Total payments	9 299 849	4 649 926	679 499	3 970 427
Surplus/deficit	(7 328 908)	(3 664 455)	454 758	(4 119 213)

NATIONAL SKILLS FUND

- The entity receives income primarily from the skills development levy (SDL), with other revenue generated from interest on investments.
- The fund received R896 million from the SDL, which is R73.9 million lower than projected due to the four months' payment holiday of the SDL announced by the President during the national lockdown. Income from investments was higher by R222.7 million due to the increase to the entity's investment portfolio with the Public Investment Corporation, resulting in a total increase in receipts of R148.8 million.
- The slow spending of R21.9 million on compensation of employees was due to delays in filling vacant posts.
- Spending on goods and services was R17 million lower than projected, mainly because service providers were unable to render services during the national lockdown.
- The slow spending of R3.4 billion on transfers and subsidies is attributed to the delay in the finalisation of projects due to the national lockdown.
- Payments for capital assets was slower than projected by R571.7 million as a result of payment delays to skills provider due to the national lockdown
- A surplus of R454.8 million was realised compared to a deficit forecast of R3.7 billion due to the lower than anticipated total payments of R679.5 million and the higher receipts amounting to R1.1 billion.

NATIONAL STUDENT FINANCIAL AID SCHEME

National Student Financial Aid Scheme

R'000	2020/21 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
Receipts				
Non-tax receipts	1 346 149	637 474	537 389	100 085
Sales of goods and services other than capital assets	47 337	15 000	8 482	6 518
<i>Administrative fees</i>	47 337	15 000	8 482	6 518
Interest, dividends and rent on land	522 080	260 000	250 884	9 116
Financial transactions in assets and liabilities	776 732	362 474	278 024	84 450
<i>Loan principal repayments</i>	776 732	362 474	278 024	84 450
<i>Other receipts</i>	-	-	-	-
Transfers received	35 462 226	22 329 241	35 178 748	(12 849 507)
Total receipts	36 808 375	22 966 715	35 716 137	(12 749 422)
Current payments	410 662	182 115	167 534	14 580
Compensation of employees	234 881	107 558	100 948	6 610
Goods and services	175 780	74 557	66 586	7 971
Transfers and subsidies	36 706 248	24 470 832	23 897 694	573 138
Payments for capital assets	6 305	2 212	954	1 258
Buildings and other fixed structures	500	500	-	500
Machinery and equipment	5 805	1 712	954	758
Total payments	37 123 214	24 655 158	24 066 182	588 976
Surplus/deficit	(314 839)	(1 688 443)	11 649 955	(13 338 399)

NATIONAL STUDENT FINANCIAL AID SCHEME

- The Scheme's main source of revenue is transfers from the Department of Higher Education and Training (DHET), bursary funds and the fees charged to administer these bursaries on behalf of other government departments and public entities.
- Cash receipts from stakeholders is R35.7 billion, higher than projected by R12.7 billion. This is mainly because of an early transfer by DHET's to help the entity with its cash flow management.
- The slow spending on compensation of employees of R6.6 million is due to vacant posts not filled as anticipated and the implementation of a wage freeze in line with the public sector.
- Spending on goods and services was R8 million lower than projected mainly due to delayed invoicing for agency services and consulting fees on active projects.
- Slow spending of R573.1 million on transfers and subsidies is because of delays in settling academic year claims due to delayed invoicing by universities.
- Cash at the end of the quarter amounted to R11.6 billion, which is R13.3 billion higher than projected mainly because loans and bursaries were received from the department earlier than projected.

PASSENGER RAIL AGENCY OF SOUTH AFRICA

Passenger Rail Agency of South Africa

	2020/21 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	3 213 248	1 094 803	933 701	161 103
Sales of goods and services other than capital assets	1 899 638	494 598	93 736	400 861
<i>Sales by market establishments</i>	1 670 244	404 451	25 874	378 578
<i>Other sales</i>	229 394	90 146	67 862	22 284
Interest, dividends and rent on land	1 313 610	600 206	839 965	(239 759)
Transfers received	10 795 195	3 347 143	3 347 143	(0)
Total receipts	14 008 443	4 441 946	4 280 843	161 102
Current payments	10 206 465	4 441 945	5 211 078	(769 132)
Compensation of employees	5 845 519	2 712 494	2 457 124	255 370
Goods and services	4 351 563	1 724 840	2 738 775	(1 013 935)
Interest and rent on land	9 383	4 611	15 179	(10 567)
Payments for capital assets	11 919 981	3 917 133	790 729	3 126 404
Buildings and other fixed structures	4 385 860	1 124 849	220 252	904 597
Machinery and equipment	7 435 148	2 773 876	570 409	2 203 467
Software and other intangible assets	98 973	18 408	68	18 340
Total payments	22 126 446	8 359 078	6 001 807	2 357 272
Surplus/deficit	(8 118 003)	(3 917 133)	(1 720 963)	(2 196 169)

PASSENGER RAIL AGENCY OF SOUTH AFRICA



- PRASA generates revenue from the sale of train and bus tickets, rental income from property leasing and transfers from the National Department of Transport.
- Total receipts was R160.1 million higher than planned due to
 - R3.35 billion in transfers received from the department
 - Interest income was higher than projected by R239.8 million on account of rising bank balance from a slower that anticipated spending on its capital programmes.
 - Sales by PRASA amounted to only R93.7 million, R400.9 million lower than projected. This is the result of declining paying passengers number and limited service offerings from the Agency
- Total expenditure was R2.4 billion lower than projected due to
 - Spending on capital being R3.1 billion lower than
 - Goods and services were R1 billion higher than projected as the entity attempts to recover services despite the excessive damage from vandalism that took place when the economy was under high lockdown levels.
- Cash deficit at the end of the quarter of R1.7 billion, against a projection of R3.9 billion

ROAD ACCIDENT FUND

Road Accident Fund

	2020/21 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	98 257	43 301	41 637	1 664
Interest, dividends and rent on land	98 257	43 301	41 636	1 665
Financial transactions in assets and liabilities	-	-	1	(1)
<i>Other receipts</i>	-	-	1	(1)
Transfers received	43 904 033	14 661 809	15 193 450	(531 641)
Total receipts	44 002 290	14 705 110	15 235 086	(529 977)
Current payments	4 766 242	1 717 882	1 023 107	694 775
Compensation of employees	2 340 392	864 626	791 150	73 477
Goods and services	931 481	328 460	165 796	162 664
Interest and rent on land	1 494 369	524 796	66 161	458 635
Transfers and subsidies	58 086 335	11 876 308	11 154 423	721 884
Payments for capital assets	116 153	40 993	8 331	32 662
Buildings and other fixed structures	73 548	24 701	1 301	23 400
Machinery and equipment	42 605	16 292	7 030	9 262
Payments for financial assets	18 989 456	-	-	-
Loan disbursements	18 989 456	-	-	-
Total payments	81 958 186	13 635 183	12 185 861	1 449 322
Surplus/deficit	(37 955 895)	1 069 927	3 049 225	(1 979 299)

ROAD ACCIDENT FUND

- The fund generates its revenue from the Road Accident Fund (RAF) fuel levy, which is dependent on the volume of fuel sales, and the bulk of which is used to pay claims from road accident victims.
- Transfers received from the RAF fuel levy was R531 million higher than the projected.
- Total payments was R1.4 billion lower than projected, due to:
 - R721 million lower than planned in claims payments
 - Lower than planned spending on personnel and goods and services
- Cash surplus at the end of Q2 was R3.05 billion, R2 billion higher than the projected R1.1 billion

SOUTH AFRICAN NATIONAL PARKS

	2020/21 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	2 372 537	246 674	246 674	-
Sales of goods and services other than capital assets	2 297 257	220 333	220 333	-
<i>Sales by market establishments</i>	2 297 257	220 333	220 333	-
Interest, dividends and rent on land	72 974	25 214	25 214	-
Sales of capital assets	2 306	1 127	1 127	-
Transfers received	998 091	522 665	522 665	-
Total receipts	3 370 628	769 339	769 339	-
Current payments	2 633 279	1 034 428	1 034 436	(8)
Compensation of employees	1 348 374	623 560	623 560	-
Goods and services	1 284 872	410 868	410 868	-
Interest and rent on land	33	-	8	(8)
Payments for capital assets	74 063	55 004	55 004	-
Buildings and other fixed structures	74 063	55 004	55 004	-
Total payments	2 707 342	1 089 432	1 089 440	(8)
Surplus/deficit	663 286	(320 093)	(320 101)	8

SOUTH AFRICAN NATIONAL PARKS

- The South African National Parks generates revenue from gate fees, accommodation, conservation fees, activities and transfers from the Department of Environment, Forestry and Fisheries.
- Revenue from these sources was projected at R3.4 billion for 2020/21, with R769.3 million received by the end of second quarter. This constitute 22.8 per cent of projected revenue for the financial year. At R769.3 million actual revenues, parks has collected what was projected.
- Department of Environment, Forestry and Fisheries has transferred R522.7 million or 52.37 per cent of the R998.1 million allocation for 2020/21 to SANParks. Transfers constitute 67.9 per cent of the total cash receipts from stakeholders.
- Actual expenditure on goods and services amounted to R623.5 million equating to the projected spending of R623.5 resulting to a nil variance.

SOUTH AFRICAN REVENUE SERVICE

South African Revenue Service

	2020/21 Approved Budget:	Qtr2 Forecast	Qtr2: YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	-	-	205 949	(205 949)
Sales of goods and services other than capital assets	-	-	185 070	(185 070)
<i>Other sales</i>	-	-	185 070	(185 070)
Interest, dividends and rent on land	-	-	20 879	(20 879)
Transfers received	10 510 017	5 255 008	5 255 010	(2)
Total receipts	10 510 017	5 255 008	5 460 959	(205 951)
Current payments	9 891 135	5 029 248	4 913 719	115 529
Compensation of employees	7 350 556	3 724 819	3 545 184	179 634
Goods and services	2 540 579	1 304 429	1 368 512	(64 082)
Interest and rent on land	-	-	23	(23)
Payments for capital assets	533 618	63 812	187 067	(123 255)
Buildings and other fixed structures	247 057	52 377	114 777	(62 400)
Machinery and equipment	286 561	11 435	72 290	(60 855)
Total payments	10 424 753	5 093 060	5 100 786	(7 726)
Surplus/deficit	85 264	161 948	360 173	(198 225)

SOUTH AFRICAN REVENUE SERVICE

- SARS' revenue is comprised of transfers from the National Treasury, commission fees and interest income from excess funds.
- **Total receipts** was R206 million higher than the forecast for quarter 2 mainly due to receipt of Unemployment Insurance Funds and Skills Development Levy commission income which was not expected. The income was deferred as part of COVID-19 relief measures.
- **Current payments** was R115.5 million lower than the forecast in quarter 2 based on the following;
 - Compensation of employees was R179.6 million lower than the forecast for quarter 2 due to employee costs savings through overtime (employee are working from home) and employee attrition.
 - Goods and services was R64.1 million higher than the forecast for quarter 2 mainly due to payments for services rendered (security services, legal costs, data communication, and consultation fees) from the previous quarter as a result of favourable payment terms.

- **Payments for capital assets** was R123.3 million higher than the forecast for quarter 2.
 - Buildings and other fixed structures (This relates to the capital goods under construction) was R62.4 million higher than the forecast for quarter 2 mainly due to payment of software products to allow for full implementation of the Information and Communication system.
 - Machinery and equipment was R60.9 million higher than the forecast for quarter 2 mainly due to high than anticipated expenditure arising from Information and Communication Technology.
- The total cash surplus at the end of the quarter was R198.2 million higher than the forecast for quarter 2.

THE SOUTH AFRICAN NATIONAL ROADS AGENCY LIMITED

The South African National Roads Agency Limited

	2020/21 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	6 063 537	1 499 125	5 028 344	(3 529 219)
Sales of goods and services other than capital assets	5 063 537	1 249 125	4 219 754	(2 970 629)
<i>Sales by market establishments</i>	4 728 348	1 182 087	2 804 337	(1 622 250)
<i>Administrative fees</i>	-	-	1 284 195	(1 284 195)
<i>Other sales</i>	335 189	67 038	131 222	(64 184)
Interest, dividends and rent on land	1 000 000	250 000	808 590	(558 590)
Transfers received	29 254 983	7 032 664	11 097 280	(4 064 616)
Total receipts	35 318 520	8 531 789	16 125 624	(7 593 835)
Current payments	15 172 062	3 755 416	4 449 704	(694 288)
Compensation of employees	627 237	143 017	195 160	(52 143)
Goods and services	11 178 658	2 770 857	2 708 402	62 455
Interest and rent on land	3 366 167	841 542	1 546 142	(704 600)
Payments for capital assets	10 965 529	2 741 382	1 427 082	1 314 300
Buildings and other fixed structures	10 965 529	2 741 382	1 427 082	1 314 300
Total payments	26 137 591	6 496 798	5 876 786	620 012
Surplus/deficit	9 180 929	2 034 991	10 248 838	(8 213 847)

THE SOUTH AFRICAN NATIONAL ROADS AGENCY LIMITED



The South African National Roads Agency operates two distinct businesses: toll and non-toll road network;

- Transfer from the National department was R4.5 billion higher than expected mainly due to earlier than scheduled transfer misaligned with the agency's revised quarterly cash flow requirements.
- This led to a R558 million higher than projected increase on interest earned on bank balance against a projection of R250 million.
- Payment for capital assets was R1.3 billion lower than expected mainly due to delays in various construction projects and adapting to new contracting requirements since the advent of the Covid 19 pandemic.

Cash Surplus at the end of the quarter two amounted to R10.2 billion, R8.2 billion higher than projected

SOUTH AFRICAN SOCIAL SECURITY AGENCY

South African Social Security Agency

	2020/21 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	7 063	3 106	3 168	(62)
Sales of goods and services other than capital assets	6 325	2 735	2 913	(178)
<i>Sales by market establishments</i>	460	230	3	227
<i>Administrative fees</i>	172	105	36	69
<i>Other sales</i>	5 693	2 400	2 874	(474)
Interest, dividends and rent on land	738	371	255	116
Transfers received	7 718 421	3 832 132	3 832 132	-
Total receipts	7 725 484	3 835 238	3 835 300	(62)
Current payments	8 274 781	4 117 419	3 252 975	864 444
Compensation of employees	3 830 130	1 999 986	1 612 780	387 206
Goods and services	4 444 651	2 117 434	1 640 195	477 239
Transfers and subsidies	33 207	19 398	19 241	157
Payments for capital assets	677 462	338 731	78 236	260 495
Buildings and other fixed structures	194 001	97 000	53 650	43 350
Machinery and equipment	483 461	241 731	24 586	217 145
Payments for financial assets	296 917	148 459	-	148 459
Loan disbursements	296 917	148 459	-	148 459
Total payments	9 282 367	4 624 007	3 350 452	1 273 555
Surplus/deficit	(1 556 883)	(788 769)	484 848	(1 273 617)

SOUTH AFRICAN SOCIAL SECURITY AGENCY

- The R7.7 billion transfer from the Department of Social Development is SASSA's main source of revenue for the 2020/21 financial year. A total of R3.8 billion was received in the 2nd quarter, which is on par with the forecast.
- A total of R3.4 billion was spent in the 2nd quarter, which is R1.3 billion lower when compared to the forecast of R4.6 billion at the beginning of the quarter. The lower payment is mainly a result of non-payment to SAPO for the distribution of social grants. According to SASSA, SAPO has not been able to satisfactorily reconcile beneficiary payments by payment channel. SASSA requires the reconciliation by payment channel because each of the 3 channels attracts a different fee.

SOUTH AFRICAN TOURISM

	2020/21 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Transfers received	438 986	241 776	241 776	-
Total receipts	438 986	241 776	241 776	-
Current payments	439 334	256 247	241 776	14 471
Compensation of employees	218 532	129 611	129 611	-
Goods and services	220 801	126 636	112 165	14 471
Total payments	439 334	256 247	241 776	14 471
Surplus/deficit	(348)	(14 471)	-	(14 471)

SOUTH AFRICAN TOURISM

- South African Tourism (SAT) primarily derives income from transfers made by government as a contribution to operations, with other revenue generated through voluntary Tourism Marketing South Africa levies allocated through the Tourism Business Council of South Africa, interest on investment, grading income, and sundry income (income from exhibitions such as for instance INDABA and Meetings Africa).
- Revenue from transfers was projected at R439 million for the financial year 2020/21. R241.8 million was received during the second quarter, this constitutes 55 per cent of projected revenue for the year. The entity did not generate other revenue during the second quarter due to suspended business activities as a result of lockdown restrictions.
- Expenditure on goods and services was R14.5 million less than projected due to payments on forward contracting for Summer campaign purchase orders which will be disbursed in the following quarter. The main areas of expenditures under goods and services are towards contractors and suppliers, supporting the domestic and international operations of SAT.

UNEMPLOYMENT INSURANCE FUND

Unemployment Insurance Fund

	2020/21 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	1 691 580	757 750	388 211	369 539
Fines, penalties and forfeits	234 498	117 249	-	117 249
Interest, dividends and rent on land	1 232 848	530 370	280 068	250 302
Financial transactions in assets and liabilities	224 234	110 131	108 143	1 988
<i>Other receipts</i>	224 234	110 131	108 143	1 988
Transfers received	21 208 240	10 604 120	8 725 187	1 878 933
Total receipts	22 899 820	11 361 870	9 113 398	2 248 472
Current payments	5 040 731	2 296 486	1 131 805	1 164 681
Compensation of employees	1 904 151	924 033	679 958	244 075
Goods and services	3 136 577	1 372 453	451 847	920 606
Interest and rent on land	3	-	-	-
Transfers and subsidies (Benefit Payments)	58 649 411	25 597 408	54 969 894	(29 372 486)
Payments for capital assets	981 303	479 404	16 055	463 349
Buildings and other fixed structures	25 016	1 258	16 031	(14 773)
Machinery and equipment	56 989	28 496	24	28 472
Valuables	899 298	449 650	-	449 650
Total payments	64 671 445	28 373 298	56 117 754	(27 744 456)
Surplus/deficit	(41 771 625)	(17 011 428)	(47 004 356)	29 992 928

UNEMPLOYMENT INSURANCE FUND

- The Fund generates its revenue from a specific purpose tax on employers and employees of equal contribution of 1 per cent on salary and from interest on investments.
- Cash receipts was R2.2 billion less than projected due to jobs lost as a result of the impact of the Covid-19 pandemic on the economy and less revenue from investments due to the fund liquidating R64bn in Bonds, Money Market and Equity instruments to pay the CovidTERS benefit.
- The largest spending item is cash paid to households (beneficiaries) for UIF benefits:
 - benefits paid amounted to R55 billion which is R29.4 billion more than forecasted due to the introduction of the CovidTERS benefit arising from the Covid-19 pandemic restrictions.
- The slow spending on compensation of employees is due to the fund halting the selection and interview process for vacant posts.
- Slow spending on goods and services is due to delayed invoicing by the PIC for management fees, delayed IT projects and reduced travel during the lockdown.
- Cash available at the end of the quarter amounted to -R47 billion due to the implementation of the CovidTERS benefit. The benefit is funded from the sale of UIF assets.