

QUARTERLY EXPENDITURE REPORTING FOR PUBLIC ENTITIES

Standing Committee on
Appropriations

PRESENTED BY:

DR MAMPHO
MODISE

Title: DDG
Public Finance

Date: March 2022



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



**STAY
SAFE**

VACCINATE TO SAVE 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

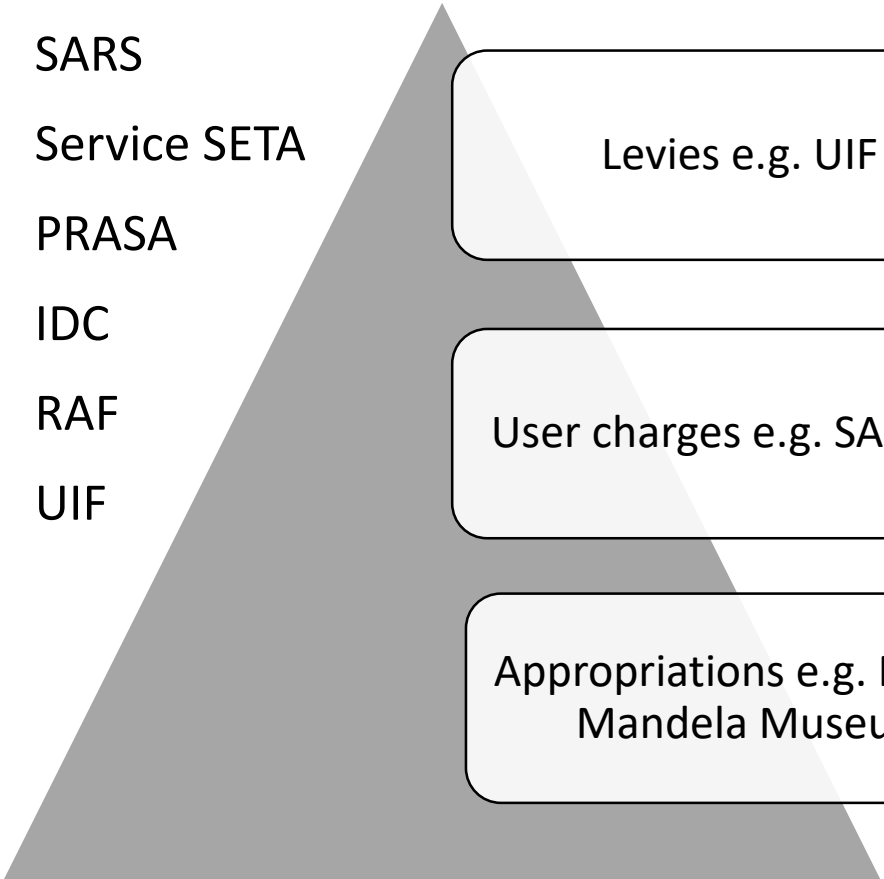
SAT

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

- 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

R'000	2021/22 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
Receipts				
Non-tax receipts	5 052 192	2 526 096	3 046 914	(520 818)
Sales of goods and services other than capital assets	6 741	3 371	32 783	(29 413)
Administrative fees	6 741	3 371	32 783	(29 413)
Fines, penalties and forfeits	250 911	125 456	291 975	(166 520)
Interest, dividends and rent on land	4 794 540	2 397 270	2 722 156	(324 886)
Transfers received (Assessment Levy)	9 861 599	8 828 292	8 101 129	727 163
Total receipts	14 913 791	11 354 388	11 148 043	206 345
Current payments	7 641 818	3 820 909	1 332 516	2 488 393
Compensation of employees	956 289	478 145	363 614	114 531
Goods and services	6 685 529	3 342 764	968 902	2 373 862
Transfers and subsidies (Benefit Payments)	6 079 800	3 039 900	2 383 897	656 003
Payments for capital assets	40 170	20 086	-	20 086
Machinery and equipment	40 170	20 086	-	20 086
Total payments	13 761 788	6 880 895	3 716 413	3 164 482
Surplus/deficit	1 152 003	4 473 493	7 431 630	(2 958 137)

COMPENSATION FUND

- The Fund generates its revenue from an assessment levy on employers. The Fund received R727.2 million less than projected due to employer earnings being less than projected due to businesses recovering from impact of Covid-19 and the poor economic conditions.
- The largest spending item is cash paid to households for COIDA (Compensation for Occupational Injuries and Diseases Act) claims:
 - claims paid amounted to R2.4 billion which was R656 million less than forecasted. This is mainly attributed to glitches with the CompEasy system; recovery of overpayment before processing further claims; and rejection of medical invoices due to non-compliance by some medical service providers.
- Spending on Compensation of employees was R114.5 million less than forecasted as a result of delays in paying the Department of Employment and Labour (DEL) expenditure claims for August and September. These claims will be paid in quarter 3.
- Spending on goods and services was R968.9 million, which was R2.4 billion lower than projected. Most of the activities that drive spending on goods and services were put on hold due to Covid-19 restrictions. There were also delays with the billing for the e-COVID project, and payment of claims to DEL for August and September 2021.
- Cash available at the end of the quarter amounted to R7.4 billion which is R3 billion more than projected mainly due to slow spending on goods and services and compensation of employees.

LEGAL AID SOUTH AFRICA

R'000	2021/22 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
Receipts				
Non-tax receipts	25 460	9 704	14 342	(4 638)
Sales of goods and services other than capital assets	3 460	1 290	1 381	(91)
<i>Administrative fees</i>	60	40	39	1
<i>Other sales</i>	3 400	1 250	1 342	(92)
Interest, dividends and rent on land	22 000	8 414	12 961	(4 547)
Transfers received	2 036 915	1 011 094	1 011 094	-
Total receipts	2 062 375	1 020 798	1 025 436	(4 638)
Current payments	1 987 571	963 557	961 727	1 830
Compensation of employees	1 654 468	817 711	817 711	-
Goods and services	333 103	145 846	144 002	1 844
Interest and rent on land	-	-	14	(14)
Payments for capital assets	74 804	11 527	11 530	(3)
Buildings and other fixed structures	14 404	69	72	(3)
Machinery and equipment	60 400	11 458	11 458	-
Total payments	2 062 375	975 084	973 257	1 827
Surplus/deficit	(0)	45 714	52 179	(6 465)

LEGAL AID SOUTH AFRICA

- At the end of Q2, revenue collection amounted to R1.025 billion against a projection of R1.021 billion.
- Revenue is higher by R4.6 million primarily due to higher than expected interest earned from investments held with the Corporation for Public Deposits (contributing to a higher than projected surplus in this period).
- Expenditure in Q2 amounted to R973.3 million against a projection of R975.1 million.
- Lower than planned expenditure amounting to R1.8 million, mainly on goods and services, can be attributed to reduced spending on travel and subsistence, owing to less traveling by officials.

NATIONAL EMPOWERMENT FUND

National Empowerment Fund

	2021/22 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	623 945	311 973	1 883 676	(1 571 704)
Interest, dividends and rent on land	212 062	106 031	116 411	(10 381)
Financial transactions in assets and liabilities	411 883	205 942	1 767 265	(1 561 323)
<i>Loans</i>	356 000	178 000	1 026 496	(848 496)
<i>Other receipts</i>	55 883	27 942	740 769	(712 827)
Total receipts	623 945	311 973	1 883 676	(1 571 704)
Current payments	312 883	127 114	123 650	3 464
Compensation of employees	209 192	75 268	98 159	(22 891)
Goods and services	103 692	51 846	25 491	26 355
Payments for financial assets	562 000	281 000	292 026	(11 026)
Total payments	874 883	408 114	415 676	(7 562)
Surplus/deficit	(250 938)	(96 141)	1 468 001	(1 564 142)

NATIONAL EMPOWERMENT FUND

- The National Empowerment Fund (NEF) derives its revenue from interest from loans, rent on land, loans and other receipts. Revenue collected during the second quarter is R1.9 billion compared to projected revenue of R312 million. Higher than forecast revenue for the second quarter was due to the R1.3 billion which was received from the Department of Transport for the Taxi Relief Fund and R400 million from the Department of Trade, Industry and Competition to support businesses that were affected by unrests in KwaZulu Natal and Gauteng in July 2021
- Spending on goods and services was R26.4 million lower than projections, this was due to the fact that most funding activities were COVID-19 deals which did not require appointment of professional consultants
- On the other hand, spending on compensation of employees was R22.9 million higher than projections due to the appointment of additional resources on a temporary basis to process applications for funding under the programme for businesses that were affected by the July 2021 unrests in KwaZulu Natal and Gauteng. The aim was to increase the turn-around times for the processing and disbursements of funds
- Payment for financial assets was higher than projections by R11 million, this was mainly driven by an amount of R292 million disbursed towards businesses that were affected by unrests in KwaZulu Natal and Gauteng

NATIONAL HEALTH LABORATORY SERVICE

R'000'	2021/22 Approved Budget	Qtr 2 Baseline forecast (YTD)	Q2 YTD	Over/under spending
National Health Laboratory Services				
Cash receipts from stakeholders	10 341 727	5 170 864	6 005 424	- 834 560
Sales of goods and services other than capital assets	9 542 150	4 771 075	5 691 199	- 920 124
Other sales	9 542 150	4 771 075	5 691 199	- 920 124
Transfers received	640 077	320 039	311 785	8 254
Other government units	640 077	320 039	311 785	8 254
Provincial governments				
Interest, dividends and rent on land	159 500	79 750	2 440	77 310
Interest	159 500	79 750	2 440	77 310
Cash paid to stakeholders	10 022 806	5 011 403	5 160 458	- 149 055
Current payments	10 022 806	5 011 403	5 160 458	- 149 055
Compensation of employees	4 435 721	2 217 861	2 602 600	- 384 739
Goods and services	5 587 084	2 793 542	2 557 858	235 684
Interest and rent on land	-	-	-	-
Net cash flow from operations	318 922	159 461	844 966	- 685 505
Proceeds from sale of property, plant, equipment & intangible assets			-	-
Cash surplus/(deficit)	318 922	159 461	844 966	- 685 505
Net change in cash and cash equivalents	318 922	159 461	844 966	- 685 505
Cash at the beginning of the quarter	2 035 445	2 430 342	2 703 802	- 273 460
Cash of the end of the quarter	2 354 367	2 589 803	3 548 768	- 958 965

NATIONAL HEALTH LABORATORY SERVICE

- NHLS cash balance increased from R2.7 billion at the end of Quarter 1 to R3.5 billion at the end of quarter 2. This is considerably higher than its projection of R2.6 billion for Q2.
- This is a result of an increase in Covid-19 tests during the to the third wave, emanating in higher than projected income in cash receipts from stakeholders (R6.0 billion received against a projection of R5.2 billion).
- While revenue increased substantially, the payments to stakeholders was only moderately higher than projected:
 - Compensation of employees was higher than projected (R2.6 billion paid against a projection of R2.2 billion), due to a 4% increase in non-managerial post salaries.
 - Goods and services spending was lower than projected (R2.6 million paid against a projection of R2.8 million), as the entity had purchased excess material in the previous financial year

NATIONAL RESEARCH FOUNDATION

National Research Foundation

R'000	2021/22 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
Receipts				
Non-tax receipts	115 524	40 456	50 842	(10 386)
Sales of goods and services other than capital assets	97 514	36 451	37 232	(781)
<i>Sales by market establishments</i>	71 573	35 786	36 728	(941)
<i>Other sales</i>	25 941	665	504	161
Interest, dividends and rent on land	18 011	4 005	13 610	(9 605)
Transfers received	4 547 421	2 985 092	2 899 275	85 817
Total receipts	4 662 945	3 025 548	2 950 117	75 432
Current payments	1 692 503	741 858	750 253	(8 395)
Compensation of employees	944 394	469 304	422 770	46 534
Goods and services	748 109	272 554	327 483	(54 929)
Transfers and subsidies	2 609 897	1 256 318	1 436 818	(180 500)
Payments for capital assets	643 142	359 969	144 879	215 090
Buildings and other fixed structures	473 721	291 539	3 923	287 616
Machinery and equipment	163 415	62 643	137 978	(75 335)
Natural resources assets	-	-	-	-
Total payments	4 945 542	2 358 145	2 331 950	26 195
Surplus/deficit	(282 597)	667 403	618 166	49 237

NATIONAL RESEARCH FOUNDATION

- The National Research Foundation (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 R3 billion for the financial year 2020/21. R2.9 billion was received during the second quarter, this constitutes 97.1 per cent of projected revenue for the year. The entity received R50.8 million in other revenue through the sale of goods and services and interest
- Goods and services at the end of the second quarter was higher than projected by R54.9 million of the projected spending of R272.6 million. The entity spent R327.5 million against an approved budget of R748.1 million. This is attributed to higher spending on grants and bursaries payments for scholarships and bursaries than anticipated

NATIONAL SKILLS FUND

The National Skills Fund

	2021/22 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	22 719	11 360	186 085	(174 726)
Interest, dividends and rent on land	22 719	11 360	186 085	(174 726)
Transfers received	3 086 650	1 543 325	1 846 685	(303 360)
Total receipts	3 109 369	1 554 685	2 032 770	(478 086)
Current payments	273 195	136 598	60 946	75 652
Compensation of employees	161 097	80 549	44 568	35 981
Goods and services	112 098	56 049	16 378	39 671
Transfers and subsidies	2 959 015	1 479 508	1 342 909	136 599
Payments for capital assets	850 510	425 255	124 174	301 081
Buildings and other fixed structures	844 627	422 314	124 147	298 167
Machinery and equipment	5 883	2 941	27	2 914
Total payments	4 082 720	2 041 360	1 528 029	513 331
Surplus/deficit	(973 351)	(486 675)	504 741	(991 416)

NATIONAL SKILLS FUND

- The National Skills Fund (NSF) income is primarily from the Skills Development Levy (SDL), with other revenue generated from reinterest on investments.
- Total receipts at the end of the second quarter increased by R478.1 million mainly due to the over collection of the SDL and the increase to the entity's Investment Portfolio with the Public Investment Corporation
- Spending on compensation of employees was lower than projected by R35.9 million due to vacant posts that were not filled as projected.
- The slow spending of R39.7 million on goods and services is due to savings realised on consumables: stationery, printing and office supplies and travel and subsistence as employees continue to work remotely as a result of Covid-19 restrictions.
- Spending on transfers and subsidies was lower than projected by R136.6 million due to delays in the submission of quarterly reports by service providers and the implementation of new projects.
- Spending on capital assets was lower than projected by R301.1 million as a result of delays in the procurement of capital assets and the slow pace in construction of TVET colleges as a result of Covid-19 restrictions.
- A surplus of R991.4 million was realised compared to a deficit forecast of R486.7 million due to the slow implementation of new projects, over collection of the SDL and delays in the payment processes.

NATIONAL STUDENT FINANCIAL AID SCHEME

National Student Financial Aid Scheme

	2021/22 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	995 738	464 995	663 034	(198 038)
Sales of goods and services other than capital asse	35 106	2 150	8 055	(5 905)
Administrative fees	35 106	2 150	8 055	(5 905)
Sales of scrap, waste, arms and other used current	-	-	93	(93)
Interest, dividends and rent on land	535 132	250 095	263 676	(13 581)
Financial transactions in assets and liabilities	425 500	212 750	391 210	(178 460)
Repayments and other receipts	425 500	212 750	391 210	(178 460)
Transfers received	40 467 355	28 171 402	30 815 444	(2 644 042)
Total receipts	41 463 093	28 636 397	31 478 478	(2 842 080)
Current payments	396 124	196 025	163 202	32 823
Compensation of employees	204 365	101 520	91 588	9 932
Goods and services	191 759	94 505	71 615	22 891
Transfers and subsidies	39 958 212	26 789 204	29 922 409	(3 133 206)
Payments for capital assets	1 796	1 563	-	1 563
Machinery and equipment	1 796	1 563	-	1 563
Total payments	40 356 131	26 986 792	30 085 612	(3 098 820)
Surplus/deficit	1 106 962	1 649 605	1 392 866	256 740

NATIONAL STUDENT FINANCIAL AID SCHEME

- The Scheme's source of revenue is transfers from the Department of Higher Education and Training for bursary funds and the administration fees charged for bursaries administered on behalf of other government institutions.
- Total receipts at the end of the second quarter was higher than projected by R2.8 billion due to over collections on financial transactions in assets and liabilities resulting from reimbursements from institutions when students either de-register for certain subjects or drop out.
- Transfers received by the Scheme is higher than expected by R2.6 billion as a result of an additional R3 billion that was received earlier than projected from the Department Higher Education and Training.
- The slow spending on compensation of employees by R9.9 million is as a result of the moratorium on filling vacant posts issued by the board until the finalisation of the organisational structure review.
- The slow spending of R22.9 million on goods and services is attributed to savings on travel and subsistence due to the delay in the opening of the 2022 bursary application period and lower spending on debt collection commission paid to debt collectors.
- The spending on transfers and subsidies is higher than projected by R3.1 billion due to an early transfer from the Department of Higher Education and Training which was used to pay bursary claims earlier than initially planned.
- Cash at the end of the quarter amounted to R1.4 billion, which is R256.7 million lower than projected due to higher than expected disbursement of bursaries to students.

PASSENGER RAIL AGENCY OF SOUTH AFRICA

Passenger Rail Agency of South Africa

	2021/22 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	2 791 734	1 204 245	922 123	282 123
Sales of goods and services other than capital assets	1 405 030	517 720	205 421	312 299
<i>Sales by market establishments</i>	1 235 628	435 919	176 287	259 632
<i>Other sales</i>	169 401	81 801	29 134	52 667
Interest, dividends and rent on land	1 356 704	671 526	709 502	(37 977)
Sales of capital assets	30 000	15 000	7 199	7 801
Transfers received	16 669 462	6 975 264	4 471 837	2 503 427
Total receipts	19 461 196	8 179 510	5 393 960	2 785 550
Current payments	13 127 669	5 999 707	4 207 315	1 792 392
Compensation of employees	6 553 076	3 290 109	2 924 228	365 881
Goods and services	6 574 593	2 709 598	1 274 254	1 435 344
Interest and rent on land	-	-	8 833	(8 833)
Payments for capital assets	18 048 897	8 329 382	2 252 557	6 076 825
Buildings and other fixed structures	9 694 220	4 473 784	513 435	3 960 349
Machinery and equipment	8 354 677	3 855 598	1 739 122	2 116 476
Total payments	31 176 566	14 329 089	6 459 872	7 869 217
Surplus/deficit	(11 715 371)	(6 149 579)	(1 065 912)	(5 083 667)

PASSENGER RAIL AGENCY OF SOUTH AFRICA

- The 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 of R5.4 billion were R2.8 billion lower than the projection of R8.2 billion for the quarter, mainly due to:**
 - Withholding of transfer payments to the agency by the department due to non-compliance to reporting requirements;
 - Lower passenger numbers caused by a deteriorating service offering (low train service availability, poor on-time performance, low customer satisfaction etc); and
 - Frequent service interruptions (mechanical failures, maintenance issues, theft and vandalism etc.).
- **Total payments of R6.5 billion were R7.9 billion lower than the projection of R14.3 billion for the quarter, mainly due to:**
 - Slow spending on the agency's capital programme as a result of long standing supply chain management and governance challenges; and

PASSENGER RAIL AGENCY OF SOUTH AFRICA

- Lower operational costs as a result of a lower than expected staff headcount, delays in the implementation of salary increases, slow recovery of commuter rail services and continued suspension of long-distance passenger services.
- **The net of total receipts and total payments is a cash deficit of R1.1 billion, which is R5.1 billion lower than the cash deficit projection of R6.1 billion for the quarter.**

ROAD ACCIDENT FUND

Road Accident Fund

	2021/22 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	685 839	110 745	84 301	26 444
Sales of goods and services other than capital assets	-	-	7	(7)
<i>Other sales</i>	-	-	7	(7)
Interest, dividends and rent on land	685 839	110 745	84 293	26 452
Transfers received	38 387 918	22 086 394	22 921 729	(835 335)
Total receipts	39 073 757	22 197 139	23 006 030	(808 891)
Current payments	3 592 900	1 306 248	946 668	359 580
Compensation of employees	2 134 890	999 041	903 192	95 849
Goods and services	1 181 803	274 455	37 602	236 852
Interest and rent on land	276 206	32 753	5 874	26 879
Transfers and subsidies	33 582 051	21 693 255	20 806 037	887 218
Payments for capital assets	121 961	45 657	9 272	36 385
Buildings and other fixed structures	77 226	30 439	7 846	22 593
Machinery and equipment	44 735	15 218	1 426	13 792
Total payments	37 296 912	23 045 160	21 761 977	1 283 183
Surplus/deficit	1 776 845	(848 021)	1 244 053	(2 092 074)

ROAD ACCIDENT FUND

- The Road Accident Fund (RAF) generates its revenue from the 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.
- **Total receipts of R23 billion were R808.9 million higher than the projection of R22.2 billion for the quarter, mainly due to:**
 - Higher than expected fuel sales resulting in higher fuel levy collection;
- **Total payments of R21.8 billion were R1.3 billion lower than the projection of R23 billion for the quarter, mainly due to:**
 - In-sourcing of certain functions of the fund and limited administration-related business activities due to COVID-19 workplace protocols; and
 - Lower claims paid as the fund looks to shift to an instalment-based claims payment system.
- **The net of total receipts and payments is a cash surplus of R1.2 billion, which is R2.1 billion higher than the cash deficit projection of R848 million for the quarter.**

SOUTH AFRICAN NATIONAL PARKS

South African National Parks

	2021/22 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	1 447 785	723 510	703 809	19 701
Sales of goods and services other than capital assets	1 580 805	790 020	683 218	106 802
<i>Sales by market establishments</i>	1 580 805	790 020	683 218	106 802
Interest, dividends and rent on land	46 980	23 490	20 815	2 675
Financial transactions in assets and liabilities	(180 000)	(90 000)	(224)	(89 776)
<i>Loans</i>	(180 000)	(90 000)	(224)	(89 776)
Transfers received	657 383	328 692	222 087	106 605
Total receipts	2 105 168	1 052 202	925 896	126 306
Current payments	1 927 124	1 293 933	1 267 424	26 509
Compensation of employees	1 390 986	701 703	627 605	74 098
Goods and services	522 510	585 182	637 062	(51 880)
Interest and rent on land	13 628	7 049	2 757	4 292
Payments for financial assets	18 000	9 000	94 015	(85 015)
Total payments	1 945 124	1 302 933	1 361 439	(58 506)
Surplus/deficit	160 043	(250 732)	(435 543)	184 811

SOUTH AFRICAN NATIONAL PARKS

- The South African National Parks (SANParks) generates revenue from gate fees, accommodation, conservation fees, activities and transfers from the Department of Forestry, Fisheries and the Environment
- Revenue from these sources is projected at R2.1 billion for 2021/22, with R925.9 million received by the end of second quarter. This constitute 44 per cent of projected revenue for the financial year. The entity generated R126.3 million less than projected for the second quarter due lesser than anticipated to transfers received from the department for the Expanded Public Works Programme
- Department of Forestry, Fisheries and the Environment has transferred R222.1 million or 33.8 per cent of the R657.4 million allocation for 2021/22 to SANParks. Transfers constitute 24 per cent of the total cash receipts from stakeholders.
- Spending on goods and services at the end of the second quarter was higher than projected by R51.9 million of the projected spending of R585.2 million. This is attributed to higher spending on combating wildlife poaching within the parks.

SOUTH AFRICAN REVENUE SERVICE

South African Revenue Service

	2021/22 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	413 353	196 677	218 638	(21 961)
Sales of goods and services other than capital assets	353 353	176 677	193 764	(17 087)
<i>Other sales</i>	353 353	176 677	193 764	(17 087)
Interest, dividends and rent on land	60 000	20 000	24 472	(4 472)
Sales of capital assets	-	-	402	(402)
Transfers received	11 295 167	5 647 583	5 647 584	(1)
Total receipts	11 708 520	5 844 260	5 866 222	(21 962)
Current payments	11 023 178	5 587 123	5 099 074	488 049
Compensation of employees	8 015 396	3 576 573	3 625 407	(48 834)
Goods and services	3 007 783	2 010 549	1 473 640	536 909
Interest and rent on land	-	-	27	(27)
Payments for capital assets	892 079	163 968	89 046	74 922
Buildings and other fixed structures	480 472	110 645	71 149	39 496
Machinery and equipment	411 607	53 323	17 897	35 426
Total payments	11 915 257	5 751 090	5 188 120	562 970
Surplus/deficit	(206 737)	93 170	678 102	(584 932)

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 R22 million higher than the forecast for quarter 2 mainly due to administration fees earned from the Unemployment Insurance Fund and the Skills Development Levy on behalf of the Departments of Labour and Higher Education, as well as higher interest income earned.
- **Current payments** was R488 million lower than the forecast in quarter 2t, as follows;
 - Goods and services was R536.9 million lower than the forecast for quarter 2 mainly due to time lag which caused delays in payment for administration fees, advertising, consultations, computer services and communication costs which is expected to be cleared in the coming months. Other attributable factors to the lower than forecasted spending are COVID-19 restrictions,
 - Compensation of employees was R48.8 million higher than the forecast for quarter 2 due to leave gratuities paid out to employees that have resigned.

SOUTH AFRICAN REVENUE SERVICE

- **Payments for capital assets** was R74.9 million lower than the forecast for quarter 2.
 - Buildings and other fixed structures (This relates to the capital goods under construction) was R39.5 million lower than the forecast for quarter 2 mainly due to SARS' commitment to the reduction of its Corporate Real Estate footprint which is key to enabling critical cost reconfiguration.
 - Machinery and equipment was R35.4 million lower than the forecast for quarter 2 mainly due to delays in the procurement of computers and ICT equipment and other machinery due the limited availability of the required items.
- The total cash surplus at the end of the quarter was R584.9 million higher than the forecast for quarter 2.

THE SOUTH AFRICAN NATIONAL ROADS AGENCY LIMITED

SA National Roads Agency

	2021/22 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	25 428 627	15 051 281	14 242 744	808 537
Sales of goods and services other than capital assets	24 001 901	14 248 848	13 417 785	831 063
<i>Sales by market establishments</i>	13 108 536	10 980 839	13 102 702	(2 121 863)
<i>Administrative fees</i>	9 249 583	2 774 875	315 083	2 459 792
<i>Other sales</i>	1 643 781	493 134	-	493 134
Interest, dividends and rent on land	1 423 445	802 432	824 754	(22 322)
Sales of capital assets	3 281	-	205	(205)
Transfers received	1 503 747	751 874	-	751 874
Total receipts	26 932 374	15 803 154	14 242 744	1 560 410
Current payments	34 365 038	8 520 912	5 862 944	2 657 968
Compensation of employees	633 708	259 943	204 702	55 241
Goods and services	30 365 163	6 338 061	3 507 026	2 831 035
Interest and rent on land	3 366 167	1 922 909	2 151 216	(228 307)
Payments for capital assets	2 458 733	1 348 241	2 111 443	(763 202)
Buildings and other fixed structures	2 458 733	1 348 241	2 111 443	(763 202)
Total payments	36 823 771	9 869 153	7 974 387	1 894 766
Surplus/deficit	(9 891 397)	5 934 001	6 268 357	(334 356)

THE SOUTH AFRICAN NATIONAL ROADS AGENCY LIMITED

- The South African National Roads Agency (SANRAL) operates two distinct businesses: toll and non-toll road network. The Agency generates its revenue mainly receives from transfers from the National Department of Transport and by charging toll road fees.
- **Total receipts of R14.2 billion were R1.6 billion lower than the projection of R15.8 billion for the quarter ,mainly due to:**
 - Higher than anticipated road traffic volume numbers resulting in higher toll revenue.
- **Total payments of R8 billion were R1.9 billion lower than the projection of R9.9 billion for the quarter, mainly due to:**
 - Delays and cancellation in procurement processes for various road construction and maintenance projects.
- **The net of total receipts and payments is a cash surplus of R6.3 billion, which is R334.4 million higher than the projected cash surplus of R5.9 billion for the quarter.**

SOUTH AFRICAN SOCIAL SECURITY AGENCY

South African Social Security Agency

R'000	2021/22 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
Receipts				
Non-tax receipts	5 671	2 836	23 728	(20 892)
Sales of goods and services other than capital assets	4 850	2 424	5 687	(3 263)
<i>Sales by market establishments</i>	505	252	2	250
<i>Administrative fees</i>	201	100	29	71
<i>Other sales</i>	4 144	2 072	5 656	(3 584)
Fines, penalties and forfeits	-	-	17 842	(17 842)
Interest, dividends and rent on land	821	412	199	213
Transfers received	7 463 901	3 710 456	3 682 456	28 000
Total receipts	7 469 572	3 713 292	3 706 184	7 108
Current payments	7 387 367	3 730 795	3 107 803	622 992
Compensation of employees	3 500 705	1 743 603	1 632 411	111 192
Goods and services	3 886 662	1 987 193	1 475 392	511 801
Transfers and subsidies	34 263	17 132	22 612	(5 481)
Payments for capital assets	47 942	23 971	49 269	(25 298)
Buildings and other fixed structures	5 000	2 500	531	1 969
Machinery and equipment	42 942	21 471	48 738	(27 267)
Total payments	7 469 572	3 771 898	3 179 684	592 214
Surplus/deficit	-	(58 606)	526 500	(585 106)

SOUTH AFRICAN SOCIAL SECURITY AGENCY

- R7.5 billion was appropriated in 2021 Appropriation Act for transfer to SASSA for 2021/22.
- Monthly transfers from the Department of Social Development are SASSA's main source of revenue.
- R3.7 billion had been received by end of quarter 2, which is on par with the receipts forecast.
- R3.2 billion was spent in quarter 2, which is R592.2 million lower when compared to the forecast of R3.8 billion at the beginning of the quarter.
- The spending forecast includes a portion of the surplus approved in June 2021.
- The lower payment is mainly a result of slow 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

South African Tourism

	2021/22 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	58 357	-	-	-
Sales of goods and services other than capital assets	33 510	-	-	-
<i>Other sales</i>	33 510	-	-	-
Interest, dividends and rent on land	24 847	-	-	-
Transfers received	1 297 038	786 557	778 223	8 334
Total receipts	1 355 395	786 557	778 223	8 334
Current payments	1 328 343	496 724	394 268	102 456
Compensation of employees	232 129	114 504	106 303	8 201
Goods and services	1 096 214	382 220	287 965	94 255
Total payments	1 328 343	496 724	394 268	102 456
Surplus/deficit	27 052	289 833	383 955	(94 122)

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 R786.6 million, with R778.2 million received during the second quarter, this constitutes 98,9 per cent of projected revenue for the quarter. Slower than anticipated spending is due to projects such as hosting, bid support programmes being postponed due to COVID-19 pandemic and travel restrictions.
- Expenditure on goods and services was R288 million, which was R94,3 million lower than the projected amount of R382,2 million for the second quarter. Actual compensation on employees was R106.3 million, which was R8.2 million lower than the projected expenditure of R114.5 million for the second quarter. Slower spending is due to vacant positions due to the anticipated merger between Brand SA and SAT.

UNEMPLOYMENT INSURANCE FUND

Unemployment Insurance Fund

	2021/22 Approved Budget	Qtr2 Forecast	Qtr2 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	1 437 425	589 060	3 510 965	(2 921 905)
Sales of scrap, waste, arms and other used current goods (excl capital assets)	235 244	2 184	10 886	(8 702)
Fines, penalties and forfeits	1 873	116 370	123 892	(7 522)
Interest, dividends and rent on land	1 000 308	374 506	456 271	(81 765)
Financial transactions in assets and liabilities	200 000	96 000	2 919 916	(2 823 916)
<i>Other receipts</i>	<i>200 000</i>	<i>96 000</i>	<i>2 919 916</i>	<i>(2 823 916)</i>
Transfers received (Contributions)	18 858 726	9 429 364	10 208 326	(778 962)
Total receipts	20 296 151	10 018 424	13 719 291	(3 700 867)
Current payments	4 831 369	2 510 168	1 321 263	1 188 905
Compensation of employees	1 956 206	948 156	724 326	223 830
Goods and services	2 875 163	1 562 012	596 937	965 075
Transfers and subsidies (Benefit Payments)	71 747 114	35 991 582	13 056 845	22 934 737
Payments for capital assets	1 011 314	446 670	37 502	409 168
Buildings and other fixed structures	978 095	418 264	35 952	382 312
Machinery and equipment	33 219	28 406	1 550	26 856
Total payments	77 589 797	38 948 420	14 415 610	24 532 810
Surplus/deficit	(57 293 646)	(28 929 996)	(696 319)	(28 233 677)

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 R3.7 billion more than projected due to higher investment income as a result the sale of investment instruments to fund the Covid-19TERS and higher collection of contributions by SARS than expected
- The largest spending item is cash paid to households (beneficiaries) for UIF benefits:
 - benefits paid amounted to R13.1 billion which is R22.9 billion less than forecasted mainly due to delays in paying the reassessment benefit due to prioritising Covid-19TERS payments and outstanding information on COVID-19TERS claims which must be provided by claimants.
- The slow spending on compensation of employees is due to a high vacancy rate of 8.1 per cent by the end of quarter 2 which includes “new” posts budgeted for but not yet filled.
- Spending on goods and services amounted to R597 million which is R965.1 million less than projected as a result of Covid-19 restrictions which resulted in the delivery of UIF mobile centres being delayed. In addition, an advertising tender was cancelled due to the recommended service provider being non-compliant. The Fund will utilise GCIS to advertise UIF services.
- Cash available at the end of the quarter amounted to a deficit of R696.3 million which is R28.2 billion less than forecasted as the fund delayed the drawdown of cash from the bank to cover expenditure due to lower benefit payments than forecasted, delays in filling vacant posts and slow spending on goods and services as explained above.