

QUARTERLY EXPENDITURE REPORTING FOR PUBLIC ENTITIES

Standing Committee on Appropriations

PRESENTED BY:

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Title: DDG
Public Finance

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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

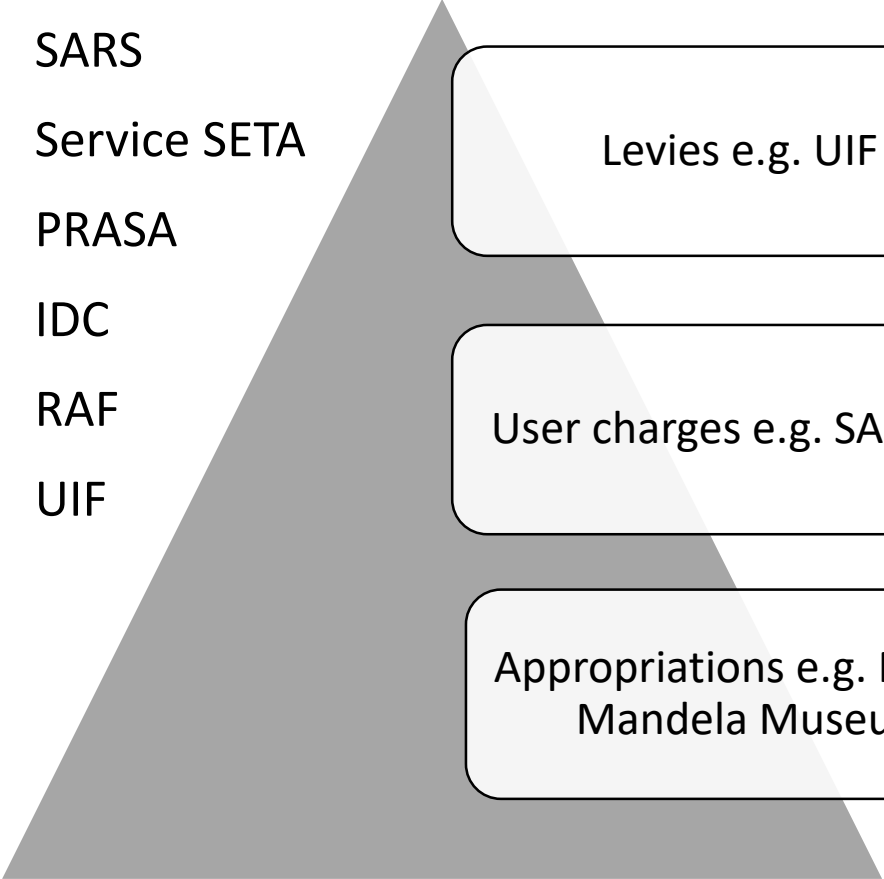
SAT

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	Qtr4 Forecast	Qtr4 YTD	(Over)/ under collection/ spending
Receipts				
Non-tax receipts	9 510 596	9 510 596	10 374 818	(864 222)
Sales of goods and services other than capital assets	4 465 145	4 465 145	3 109 594	1 355 551
<i>Administrative fees</i>	6 741	6 741	32 783	(26 042)
<i>Other sales</i>	4 458 404	4 458 404	3 076 811	1 381 593
Fines, penalties and forfeits	250 911	250 911	369 977	(119 066)
Interest, dividends and rent on land	4 794 540	4 794 540	6 895 247	(2 100 707)
Transfers received (Assessment Levy)	9 861 599	9 861 599	8 434 565	1 427 034
Total receipts	19 372 195	19 372 195	18 809 382	562 813
Current payments	7 641 818	7 641 818	3 373 016	4 268 802
Compensation of employees	956 289	956 289	1 136 312	(180 023)
Goods and services	6 685 529	6 685 529	2 236 704	4 448 825
Transfers and subsidies (Benefit Payments)	6 079 800	6 079 800	4 537 774	1 542 026
Payments for capital assets	40 170	40 170	-	40 170
Machinery and equipment	40 170	40 170	-	40 170
Total payments	13 761 788	13 761 788	7 910 790	5 850 998
Surplus/deficit	5 610 407	5 610 407	10 898 592	(5 288 185)

COMPENSATION FUND

- The Fund generates its revenue from an assessment levy on employers. The Fund received R1.4 billion less than projected by the end of quarter 4 due to employer earnings being less than projected due to businesses recovering from the 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 R4.5 billion which was R1.5 billion less than forecasted mainly due to reduced payments as a result of glitches with the CompEasy system; recovery of overpayments before processing further claims; and the rejection of medical invoices due to non-compliance by some medical service providers.
- Spending on Compensation of employees was R180 million more than forecasted due to the fund carrying the full cost of the 500 labour inspectors that moved from the department to the fund.
- Spending on goods and services was R2.2 billion, which was R4.4 billion lower than projected, due to the following:
 - delayed billing of the E-Coid project due to outstanding deliverables from the Fitgap project and delayed appointment of a service provider to assist with implementation of Managed Care as the tender was cancelled due to incorrect pricing.
 - Implementation of SAP and Data Migration project delayed as the tenders are still in the evaluation stage. Procurement of Data Centre services and Disaster Recovery Site delayed and will be initiated by the Department of Employment and Labour
- Cash available at the end of the quarter amounted to R10.9 billion which is R5.3 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	Qtr4 Forecast	Qtr4 YTD	(Over)/ under collection/ spending
Receipts				
Non-tax receipts	25 460	25 460	30 608	(5 148)
Sales of goods and services other than capital assets	3 460	3 460	3 460	-
<i>Administrative fees</i>	60	60	60	-
<i>Other sales</i>	3 400	3 400	3 400	-
Interest, dividends and rent on land	22 000	22 000	27 148	(5 148)
Transfers received	2 036 915	2 036 915	2 066 188	(29 273)
Total receipts	2 062 375	2 062 375	2 096 796	(34 421)
Current payments	1 987 571	2 002 298	1 903 718	98 580
Compensation of employees	1 654 468	1 654 468	1 618 257	36 211
Goods and services	333 103	347 830	285 437	62 393
Interest and rent on land	-	-	24	(24)
Payments for capital assets	74 804	48 567	48 567	-
Buildings and other fixed structures	14 404	14 404	14 404	-
Machinery and equipment	60 400	34 163	34 163	-
Total payments	2 062 375	2 050 865	1 952 285	98 580
Surplus/deficit	(0)	11 510	144 511	(133 001)

LEGAL AID SOUTH AFRICA

- At the end of Q4, Legal Aid SA received a total of R2.097bn in revenue against a projected amount of R2.062bn.
 - Higher than projected collection of R34.4m is mainly due to the receipt of funding (R29.3m) from the DALRRD for the transfer of the legal representation component of the Land Rights Management Facility to Legal Aid SA.
 - Overcollection of R5.1m on interest, dividends, and rent on land is attributed to a windfall gain emanating from high-interest rates following an increase in the repo rate announced by the SARB in Q2 of financial year 2021/22.
- Comparing actual vs. planned expenditure, Q4 spending was lower by R98.6m. Lower than planned spending occurred on goods and services (R62.4m), due to the delays by suppliers in the delivery of services resulting in delays in the processing payments before year-end, and on compensation of employees (R36.2m), due to funded vacancies in the newly established land rights management unit within Legal Aid SA.
- Surplus amounting to R133m was accumulated as a result of revenue overcollection and low spending on current payments as explained above.

NATIONAL EMPOWERMENT FUND

National Empowerment Fund

R'000	2021/22 Approved Budget	Qtr4 Forecast	Qtr4 YTD	(Over)/ under collection/ spending
Receipts				
Non-tax receipts	623 945	623 945	3 326 475	(2 702 530)
Interest, dividends and rent on land	212 062	212 062	316 072	(104 010)
Financial transactions in assets and liabilities	411 883	411 883	3 010 403	(2 598 519)
<i>Loans</i>	356 000	356 000	1 321 551	(965 551)
<i>Other receipts</i>	55 883	55 883	1 688 852	(1 632 968)
Total receipts	623 945	623 945	3 326 475	(2 702 530)
Current payments	312 883	312 883	836 611	(523 727)
Compensation of employees	209 192	209 192	212 500	(3 309)
Goods and services	103 692	103 692	624 110	(520 418)
Payments for financial assets	562 000	562 000	932 644	(370 644)
Total payments	874 883	874 883	1 769 255	(894 371)
Surplus/deficit	(250 938)	(250 938)	1 557 220	(1 808 158)

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 period under review was R3.3 billion against projected revenue of R623.9 million. Actual revenue was therefore significantly higher than projections by R2.7 billion. Higher than projected revenue for the quarter was due to the third-party funds amounting to R2.2 billion which were received after the MTEF budget was approved. These include R1.3 billion that was received from the Department of Transport for the taxi relief fund; R400 million from the Department of Trade, Industry and Competition for clients that were affected by riots and unrests in KwaZulu Natal and Gauteng; R116.4 million from Solidarity Response Fund; and R27.2 million from Northern Cape Economic Development and Tourism
- Expenditure on goods and services was R520.4 million higher than projections. The reason for the overspending was an unbudgeted amount of R143 million for the social benefit expenses incurred as a result of the concessionary loans disbursed at a rate less than prime rate and the impairment charge of R417 million resulting from the impact of Covid 19 pandemic on a significant number of NEF's investments and clients, while expenditure on compensation of employees was R3.3 million higher than projections due to additional staff employed to fast track processing applications for funding by businesses affected by the July 2021 unrests
- Payment for financial assets was higher than projections by R370.6 million, this was mainly driven by an amount of R932.6 million due to disbursements towards the clients that were affected by unrests in KwaZulu Natal and Gauteng.

NATIONAL HEALTH LABORATORY SERVICE

National Health Laboratory Service

R'000	2021/22 Approved Budget	Qtr4 Forecast	Qtr4 YTD	(Over)/ under collection/ spending
Receipts				
Non-tax receipts	9 701 650	11 788 939	11 654 435	134 504
Sales of goods and services other than capital assets	9 542 150	11 760 925	11 350 078	410 847
<i>Sales by market establishments</i>	9 542 150	11 760 925	11 350 078	410 847
Interest, dividends and rent on land	159 500	28 013	304 357	(276 344)
Transfers received	640 077	617 938	647 225	(29 287)
Total receipts	10 341 727	12 406 877	12 301 660	105 217
Current payments	5 591 520	11 415 345	11 463 799	(48 454)
Compensation of employees	4 436	4 724 540	4 642 644	81 896
Goods and services	5 587 084	6 690 805	6 821 155	(130 350)
Total payments	5 591 520	11 415 345	11 463 799	(48 454)
Surplus/deficit	4 750 207	991 531	837 861	153 670

NATIONAL HEALTH LABORATORY SERVICE

- NHLS realised a cash surplus of R837.9 million in quarter 4 which results from R12.3 billion total cash receipts and R11.5 billion total cash payments. Receipts are below projections, by R105.2 million and payments are above projections by R48.5 million.
- There is an under collection of lab test revenue by R410.8 million. January 2022 had the lowest collection (R462 million) due to reduced test volumes processed.
- Goods and services higher than projected spending (R6.8 billion paid against a projection of R6.7 billion) was due to backlog invoices paid in the 4th quarter.
- Compensation of employees was lower than the projection (R4.6 billion paid against a projection of R4.7 billion), NHLS paid all its salary adjustments and one-off gratuity payments for COVID in the 3rd quarter and no additional payments were paid in the 4th quarter.

NATIONAL RESEARCH FOUNDATION

National Research Foundation

R'000	2021/22 Approved Budget	Qtr4 Forecast	Qtr4 YTD	(Over)/ under collection/ spending
Receipts				
Non-tax receipts	115 524	115 524	135 031	(19 507)
Sales of goods and services other than capital assets	97 514	97 514	94 814	2 700
<i>Sales by market establishments</i>	71 573	71 573	89 631	(18 058)
<i>Other sales</i>	25 941	25 941	5 183	20 758
Interest, dividends and rent on land	18 011	18 011	40 217	(22 207)
Transfers received	4 547 421	4 547 421	4 277 842	269 579
Total receipts	4 662 945	4 662 945	4 412 873	250 072
Current payments	1 692 503	1 692 503	1 604 349	88 155
Compensation of employees	944 394	944 394	803 846	140 548
Goods and services	748 109	748 109	800 503	(52 394)
Transfers and subsidies	2 609 897	2 609 897	2 462 060	147 837
Payments for capital assets	643 142	643 142	477 402	165 740
Buildings and other fixed structures	473 721	473 721	382 090	91 631
Machinery and equipment	163 415	163 415	89 306	74 109
Software and other intangible assets	6 006	6 006	6 006	-
Total payments	4 945 542	4 945 542	4 543 810	401 732
Surplus/deficit	(282 597)	(282 597)	(130 937)	(151 660)

NATIONAL RESEARCH FOUNDATION

- The NRF's 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 R4.5 billion for the financial year 2021/22. R4.3 billion was received during the fourth quarter, this constitutes 94.1 per cent of projected revenue for the year. The entity received R135 million in other revenue through the sale of goods and services and interest
- Goods and services at the end of the fourth quarter was higher than projected by R52.4 million of the projected spending of R748.1 million. The entity spent R800.5 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. There has been a higher update of grants and bursaries offered by the entity

NATIONAL SKILLS FUND

The National Skills Fund

	2021/22 Approved Budget	Qtr4 Forecast	Qtr4 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	22 719	383 957	407 260	(23 303)
Interest, dividends and rent on land	22 719	383 957	407 260	(23 303)
Transfers received	3 086 650	3 086 650	3 802 322	(715 672)
Total receipts	3 109 369	3 470 607	4 209 582	(738 975)
Current payments	273 195	119 319	125 588	(6 269)
Compensation of employees	161 097	87 953	93 273	(5 320)
Goods and services	112 098	31 366	32 315	(949)
Transfers and subsidies	2 959 015	1 982 189	3 045 175	(1 062 986)
Payments for capital assets	850 510	222 956	301 927	(78 971)
Buildings and other fixed structures	844 627	218 517	300 867	(82 350)
Machinery and equipment	5 883	4 439	1 060	3 379
Total payments	4 082 720	2 324 464	3 472 690	(1 148 226)
Surplus/deficit	(973 351)	1 146 143	736 892	409 251

NATIONAL SKILLS FUND

- The National Skills Fund (NSF) receives income primarily from the Skills Development Levy (SDL), with other revenue generated from interest on investments.
- Total receipts at the end of the fourth quarter was higher than projected by R738.9 million mainly due to the over collection of the SDL and the increase to the entity's Investment Portfolio with the Public Investment Corporation which earned the fund R407.3 million, R23.3 million more than forecasted.
- Expenditure on compensation of employees amounted to R93.3 million in the fourth quarter resulting in overspending of R5.3 million due to the implementation of pay progression in the fourth quarter.
- At the end of the fourth quarter, spending on transfers and subsidies was over by R1.1 billion mainly due to the funding transferred to NSFAS to cover their shortfall for student funding.
- Payments for capital assets was over by R79 million as a result of payments of infrastructure projects that were initially misallocated in the projections and correctly classified in the fourth quarter.
- At the end of the financial year, the fund realised a surplus of R736.8 million which is lower than anticipated by R409 million. This is mainly due to the higher transfers and subsidies and payments for capital assets.

NATIONAL STUDENT FINANCIAL AID SCHEME

National Student Financial Aid Scheme

	2021/22 Approved Budget	Qtr4 Forecast	Qtr4 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	995 738	995 738	1 159 831	(164 092)
Sales of goods and services other than capital assets	35 106	35 106	43 450	(8 344)
<i>Administrative fees</i>	35 106	35 106	43 450	(8 344)
Sales of scrap, waste, arms and other used current goods (excl capital assets)	-	-	125	(125)
Interest, dividends and rent on land	535 132	535 132	498 563	36 569
Financial transactions in assets and liabilities	425 500	425 500	617 693	(192 193)
<i>Repayments and other receipts</i>	425 500	425 500	617 693	(192 193)
Transfers received	40 467 355	40 467 355	40 424 497	42 858
Total receipts	41 463 093	41 463 093	41 584 327	(121 235)
Current payments	396 124	384 205	370 200	14 005
Compensation of employees	204 365	194 057	187 631	6 426
Goods and services	191 759	190 148	182 569	7 579
Transfers and subsidies	39 958 212	47 658 932	42 045 148	5 613 784
Payments for capital assets	1 796	1 796	4 078	(2 282)
Machinery and equipment	1 796	1 796	4 078	(2 282)
Total payments	40 356 131	48 044 933	42 419 426	5 625 507
Surplus/deficit	1 106 962	(6 581 840)	(835 099)	(5 746 741)

NATIONAL STUDENT FINANCIAL AID SCHEME

- The Scheme's main source of revenue is transfers from the Department of Higher Education and Training for student bursaries and the administration fees charged for bursaries administered on behalf of other government institutions.
- Total receipts at the end of the fourth quarter was higher than projected by R121.2 million mainly due to higher student debt repayments reflected under financial transactions in assets and liabilities.
- Transfers received by the Scheme was lower than expected by R42.9 million due to various funders closing their bursary programmes.
- Compensation of employees underspent by R6.4 million due to delays in finalising the organisational redesign project as the filling of vacancies have been put on hold until the approval of the new organisational structure.
- Goods and services underspent by R7.5 million due to delays in receiving invoices from agency and support services and consultants.
- The spending on transfers and subsidies was lower by R5.6 billion as the project to close out claim discrepancies for prior academic year claims from institutions dating back to 2017 for NSFAS funded students was not completed as expected.
- NSFAS had a cash deficit of R835 million for the financial year which was lower than the forecast by R5.7 billion due to the unspent cash reserves which are held to pay for the resolution of claim discrepancies since 2017. The cash deficit was projected to be higher as the entity expected to resolve more claims with the assistance of an external service provider, but the data inconsistencies continues to delay finalisation of this process.

PASSENGER RAIL AGENCY OF SOUTH AFRICA

Passenger Rail Agency of South Africa				
R'000	2021/22 Approved Budget	Qtr4 Forecast	Qtr4 YTD	(Over)/ under collection/ spending
Receipts				
Non-tax receipts	2 791 734	2 791 734	2 128 785	662 949
Sales of goods and services other than capital assets	1 405 030	1 405 030	482 101	922 929
<i>Sales by market establishments</i>	1 235 628	1 235 628	361 346	874 282
<i>Other sales</i>	169 401	169 401	120 755	48 646
Interest, dividends and rent on land	1 356 704	1 356 704	1 630 363	(273 659)
Sales of capital assets	30 000	30 000	16 321	13 679
Transfers received	16 669 462	16 669 462	16 669 462	-
Total receipts	19 461 196	19 461 196	18 798 247	662 949
Current payments	13 127 669	13 127 669	10 209 040	2 918 629
Compensation of employees	6 553 076	6 553 076	5 790 803	762 273
Goods and services	6 574 593	6 574 593	4 376 140	2 198 453
Interest and rent on land	-	-	42 097	(42 097)
Payments for capital assets	18 048 897	18 048 897	6 275 922	11 772 975
Buildings and other fixed structures	9 694 220	9 694 220	1 796 322	7 897 898
Machinery and equipment	8 354 677	8 354 677	4 479 599	3 875 078
Total payments	31 176 566	31 176 566	16 484 961	14 691 605
Surplus/deficit	(11 715 371)	(11 715 371)	2 313 286	(14 028 656)

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 R18.8 billion was below the revised Q4 projection of R19.5 billion by R663 million, which matched the original budgeted estimate of R19.5 billion.**
 - Total receipts was lower than budgeted at the beginning of the year mainly due to:
 - *Worse than expected ticket sales as the number of paying passengers continues to fall.*
 - *Deteriorating services and frequent service interruptions, exacerbated by the loss of infrastructure to vandalism and theft during the COVID-19 pandemic lockdown, depressed incentives for the return of paying passengers; and*
 - *the halting of long distance passengers services due to long standing financial sustainability issues, and also intensified by the COVID-19 pandemic lockdown.*
- The higher than projected receipts from interest is mainly due to high cash holdings as result of significant underspending on the Agency's capital programme.
- However, all other receipts remained lower than the revised projections due to continuing decline in passenger numbers owing to the deterioration of the Agency's services.

PASSENGER RAIL AGENCY OF SOUTH AFRICA

- **Total payments of R16.5 billion were R14.7 billion lower than the revised Q4 projection of R31.7 billion, same as the originally budgeted estimate.**
 - Total payments remained lower than the original budget and revised projections mainly due to significant underspending on the Agency's capital programme as a result of long standing supply chain management and governance challenges.
 - The lower payments are also due to the closure of certain train routes and stations due to theft and vandalism causing severe service interruptions. Prasa has expressed the extent of vandalism requires capital akin to green field investments
- **The cash surplus, total receipts net of total payments, is R2.3 billion.**

ROAD ACCIDENT FUND

Road Accident Fund				
	2021/22 Approved Budget	Qtr4 Forecast	Qtr4 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	685 839	245 277	180 749	64 528
Sales of goods and services other than capital assets	-	-	8	(8)
<i>Other sales</i>	-	-	8	(8)
Interest, dividends and rent on land	685 839	245 277	180 740	64 537
Transfers received	38 387 918	43 839 500	47 058 717	(3 219 217)
Total receipts	39 073 757	44 084 776	47 239 465	(3 154 689)
Current payments	3 592 900	2 645 931	2 499 810	146 121
Compensation of employees	2 134 890	1 983 997	2 074 542	(90 545)
Goods and services	1 181 803	566 452	307 109	259 344
Interest and rent on land	276 206	95 482	118 159	(22 678)
Transfers and subsidies	33 582 051	55 223 219	48 534 732	6 688 487
Payments for capital assets	121 961	121 961	44 852	77 110
Buildings and other fixed structures	77 226	77 226	10 055	67 170
Machinery and equipment	44 735	44 735	34 796	9 939
Payments for financial assets	-	1 776 976	-	1 776 976
Total payments	37 296 912	59 768 087	51 079 394	8 688 693
Surplus/deficit	1 776 845	(15 683 311)	(3 839 929)	(11 843 382)

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 R47.2 billion exceeded the revised Q4 projection of R44.1 billion by R3.2 billion. It remained above the original budget estimate of R39.1 billion.**
 - Total receipts was higher than originally budgeted as the rebound in fuel sales was quicker than initially predicted, despite the persistence of hybrid work models
 - The prolonged lower lockdown restriction levels also supported higher than projected receipts which bolstered a quicker recovery in fuel sales than previously anticipated.
- **Total payments of R51.1 billion were R8.7 billion lower than the revised Q4 projection of R59.8 billion, and R13.8 billion below the original budget estimate of R37.3 billion.**
 - Although total payments remained lower than the revised projection mainly due to lower than anticipated of payment of claims owing to long standing financial sustainability, the higher than expected collection allowed for a larger share of long outstanding claims to be paid.
- **The net of total receipts and total payments is a cash deficit of R3.8 billion**

SOUTH AFRICAN NATIONAL PARKS

South African National Parks

R'000	2021/22 Approved Budget	Qtr4 Forecast	Qtr4 YTD	(Over)/ under collection/ spending
Receipts				
Non-tax receipts	1 627 785	1 627 785	2 128 473	(500 688)
Sales of goods and services other than capital assets	1 580 805	1 580 805	1 758 186	(177 381)
<i>Sales by market establishments</i>	1 580 805	1 580 805	1 758 186	(177 381)
Interest, dividends and rent on land	46 980	46 980	45 274	1 706
Financial transactions in assets and liabilities	-	-	325 013	(325 013)
<i>Loans</i>	-	-	325 013	(325 013)
Transfers received	657 383	657 383	835 870	(178 487)
Total receipts	2 285 168	2 285 168	2 964 343	(679 175)
Current payments	1 927 124	1 927 124	2 408 810	(481 686)
Compensation of employees	1 390 986	1 390 986	1 350 665	40 321
Goods and services	522 510	522 510	1 053 260	(530 750)
Interest and rent on land	13 628	13 628	4 885	8 743
Payments for capital assets	198 000	198 000	518 535	(320 535)
Buildings and other fixed structures	198 000	198 000	518 535	(320 535)
Total payments	2 125 124	2 125 124	2 927 345	(802 221)
Surplus/deficit	160 043	160 043	36 998	123 045

SOUTH AFRICAN NATIONAL PARKS

- The Parks generates revenue from gate fees, accommodation, conservation fees, activities and transfers from the Department of Forestry, Fisheries and the Environment
- Revenue from these sources was projected at R2.3 billion for 2021/22, with R3 billion received by the end of fourth quarter. This constitute 129.7 per cent of projected revenue for the financial year. The entity generated R679.2 million more than projected for the fourth quarter as due to increased sales of goods and services linked to the easing of Covid-19 restrictions which resulted in more tourists visiting the parks
- Department of Forestry, Fisheries and the Environment transferred R835.9 million or 127.2 per cent of the R657.4 million allocation for 2021/22 to SANParks. Higher than projected transfers were as a result of additional funding received during the 2021 adjustments budget process as part of approved virements to assist with the relocation of game animals to identified game farms of previously disadvantaged communities. Transfers constitute 28.2 per cent of the total cash receipts from stakeholders
- Spending on goods and services at the end of the fourth quarter was higher than projected by R530.8 million of the projected spending of R522.5 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	Qtr4 Forecast	Qtr4 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	413 353	402 353	484 295	(81 942)
Sales of goods and services other than capital assets	353 353	353 353	424 903	(71 550)
<i>Other sales</i>	353 353	353 353	424 903	(71 550)
Interest, dividends and rent on land	60 000	49 000	58 015	(9 015)
Sales of capital assets	-	-	1 377	(1 377)
Transfers received	11 295 167	11 295 167	11 295 167	(0)
Total receipts	11 708 520	11 697 520	11 779 462	(81 942)
Current payments	11 023 178	11 081 981	10 684 983	396 998
Compensation of employees	8 015 396	7 959 603	7 775 165	184 438
Goods and services	3 007 783	3 122 378	2 909 743	212 635
Interest and rent on land	-	-	75	(75)
Payments for capital assets	892 079	890 457	386 969	503 488
Buildings and other fixed structures	480 472	649 060	296 515	352 545
Machinery and equipment	411 607	241 396	90 454	150 942
Total payments	11 915 257	11 972 437	11 071 952	900 486
Surplus/deficit	(206 737)	(274 917)	707 510	(982 427)

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 R81.9 million higher than the forecast for quarter 4 mainly due to higher interest income earned and administration fees received from the collection of Unemployment Insurance Fund and Skills Development Levy on behalf of the Departments of Labour and Higher Education.
- **Current payments** was R397 million lower than the forecast in quarter 4 based on the following;
 - Compensation of employees was R184.4 million lower than the forecast mainly due to a large number (780) of funded vacancies,
 - Goods and services was R212.6 million lower than the forecast mainly due to savings realised through robust negotiations during the procurement process on communication costs, costs on consultants, maintenance costs, travel costs and legal services.

SOUTH AFRICAN REVENUE SERVICE

- **Payments for capital assets** was R503.5 million lower than the forecast for quarter 4.
 - Buildings and other fixed structures (This relates to the capital goods under construction) was R352.5 million lower than the forecast mainly due to delays in the construction of fixed assets (Kosi Bay Border Post) resulting from the Constitutional Court ruling concerning the 2017 Preferential Procurement Regulations, and difficulty in finding suitable service providers,
 - Machinery and equipment was R150.9 million lower than the forecast mainly due to delays in procurement of ICT equipment resulting from the Constitutional Court ruling on the 2017 Preferential Procurement Regulations. The ruling lead to some procurement processes being delayed or restarted.
- The total cash surplus at the end of the quarter was R982.4 million which is higher than the year's forecasted deficit of R206.7 million. The entity has reported a preliminary surplus of R707.5 million for the period under review.

THE SOUTH AFRICAN NATIONAL ROADS AGENCY LIMITED

SA National Roads Agency				
R'000	2021/22 Approved Budget	Qtr4 Forecast	Qtr4 YTD	(Over)/ under collection/ spending
Receipts				
Non-tax receipts	6 925 658	6 465 400	7 182 251	(716 851)
Sales of goods and services other than capital assets	5 498 932	5 038 674	5 326 755	(288 081)
<i>Sales by market establishments</i>	3 855 151	3 855 151	4 522 032	(666 881)
<i>Other sales</i>	1 643 781	1 183 523	804 723	378 800
Interest, dividends and rent on land	1 423 445	1 423 445	1 855 496	(432 051)
Sales of capital assets	3 281	3 281	-	3 281
Transfers received	21 621 212	21 621 212	21 621 212	-
Total receipts	28 546 870	28 086 612	28 803 463	(716 851)
Current payments	34 365 038	14 457 298	13 928 363	528 935
Compensation of employees	633 708	533 708	468 599	65 109
Goods and services	30 365 163	9 572 928	8 771 561	801 367
Interest and rent on land	3 366 167	4 350 662	4 688 203	(337 541)
Payments for capital assets	2 458 733	2 458 733	4 981 983	(2 523 250)
Buildings and other fixed structures	2 458 733	2 458 733	4 981 983	(2 523 250)
Total payments	36 823 771	16 916 031	18 910 346	(1 994 315)
Surplus/deficit	(8 276 901)	11 170 580	9 893 117	1 277 463

THE SOUTH AFRICAN NATIONAL ROADS AGENCY LIMITED

- The South African National Roads Agency operates two distinct businesses: toll and non-toll road network. The Agency generates its revenue mainly from transfers from the National Department of Transport and by charging toll road fees.
- **Total receipts of R28.8 billion are below the revised Q4 projection of R28.1 billion by R716.9 million, but R256.6 million above the original budget estimate of R28.5 billion.**
 - Total receipts remained lower than the original budget estimate mainly due to a lower than anticipated recovery in traffic volumes even with the easing of stricter COVID pandemic lockdown levels.
 - This notwithstanding, higher interest accrued on account of a growing cash balance due to challenging procurement landscape.
- **Total payments of R18.9 billion were R2.0 billion lower than the revised Q4 projection of R16.9 billion, and R17.9 billion below the original budget estimate of R36.8 billion.**
 - Procurement process interruptions continue to derail SANRAL's spending plans.
 - Total payments remained lower than the original budget estimate and revised projections mainly due to delays in various road projects. As such, SANRAL struggled to spend most of the non-toll transfers and other earmarked allocations for the 2021/22 year.
- **Cash surplus, total receipts net of total payments, is R9.9 billion.**

SOUTH AFRICAN SOCIAL SECURITY AGENCY

South African Social Security Agency

	2021/22 Approved Budget	Qtr4 Forecast	Qtr4 YTD	(Over)/ under collection/ spending
R'000				
Receipts				
Non-tax receipts	5 671	5 671	42 580	(36 909)
Sales of goods and services other than capital assets	4 850	4 850	9 689	(4 839)
<i>Sales by market establishments</i>	505	505	2	503
<i>Administrative fees</i>	201	201	54	147
<i>Other sales</i>	4 144	4 144	9 633	(5 489)
Fines, penalties and forfeits	-	-	29 144	(29 144)
Interest, dividends and rent on land	821	821	3 747	(2 926)
Transfers received	7 463 901	7 463 901	7 963 901	(500 000)
Total receipts	7 469 572	7 469 572	8 006 481	(536 909)
Current payments	7 387 367	7 381 696	7 169 987	211 709
Compensation of employees	3 500 705	3 500 705	3 296 081	204 624
Goods and services	3 886 662	3 880 991	3 873 906	7 085
Transfers and subsidies	34 263	34 263	42 564	(8 301)
Payments for capital assets	47 942	47 942	84 191	(36 249)
Buildings and other fixed structures	5 000	5 000	5 739	(739)
Machinery and equipment	42 942	42 942	78 452	(35 510)
Total payments	7 469 572	7 463 901	7 296 742	167 159
Surplus/deficit	-	5 671	709 739	(704 068)

SOUTH AFRICAN SOCIAL SECURITY AGENCY

- R7.46 billion was appropriated in the 2021 Appropriation Act for transfer to SASSA for 2021/22 as at quarter 4.
- Monthly transfers from the Department of Social Development are SASSA's main source of revenue.
- R8 billion had been received by end of quarter 4, which is R533 million more than the receipts forecast of R7.47 billion. The revenue includes an allocation of R500 million made in the 2021 adjustment budget for the administration of the COVID-19 SRD grant following the extension from August 2021 to March 2022.
- R7.4 billion was spent in quarter 4, which is on par with the forecast of R7.5 billion at the beginning of the quarter.
- The lower payment resulting in underspending of R709.7 million is mainly a result of low payment to SAPO for the distribution of social grants. The lower payment also relates to slow finalization of procurement processes for projects.

SOUTH AFRICAN TOURISM

South African Tourism

R'000	2021/22 Approved Budget	Qtr4 Forecast	Qtr4 YTD	(Over)/ under collection/ spending
Receipts				
Non-tax receipts	58 357	58 357	48 305	10 052
Sales of goods and services other than capital assets	33 510	33 510	33 510	-
<i>Other sales</i>	33 510	33 510	33 510	-
Interest, dividends and rent on land	24 847	24 847	14 795	10 052
Transfers received	1 297 038	1 297 038	1 297 038	-
Total receipts	1 355 395	1 355 395	1 345 343	10 052
Current payments	1 328 343	912 777	1 091 886	(179 108)
Compensation of employees	232 129	232 129	172 482	59 647
Goods and services	1 096 214	680 648	919 404	(238 756)
Total payments	1 328 343	912 777	1 091 886	(179 108)
Surplus/deficit	27 052	442 618	253 458	189 160

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 R1.297 billion, constituting 95.7 per cent of R1.355 billion projected revenue for the quarter. Overall, actual revenue is R1.345 billion or 99.3 per cent of projected revenue for the year.
- Expenditure on goods and services was R919.4 million which was R238.6 million or 35.1 per cent higher than the projected amount of R680.6 million for the fourth quarter. Actual compensation on employees was R172.5 million, which was R59.6 million or 24.4 per cent lower than the projected expenditure of R232.1 million for the fourth quarter. Slower spending is due to vacant positions not filled due to the anticipated merger between Brand SA and South African Tourism.

UNEMPLOYMENT INSURANCE FUND

R'000	2021/22 Approved Budget	Qtr4 Forecast	Qtr4 YTD	(Over)/ under collection/ spending
Receipts				
Non-tax receipts	1 437 425	1 225 543	10 121 980	(8 896 437)
Sales of scrap, waste, arms and other used current goods (excl capital assets)	235 244	27 001	23 123	3 878
Fines, penalties and forfeits	1 873	256 992	231 075	25 917
Interest, dividends and rent on land	1 000 308	732 669	703 912	28 757
Financial transactions in assets and liabilities	200 000	208 881	9 163 870	(8 954 989)
<i>Other receipts</i>	<i>200 000</i>	<i>208 881</i>	<i>9 163 870</i>	<i>(8 954 989)</i>
Transfers received	18 858 726	18 858 726	21 647 238	(2 788 512)
Total receipts	20 296 151	20 084 269	31 769 218	(11 684 949)
Current payments	4 831 369	4 917 566	2 522 955	2 394 611
Compensation of employees	1 956 206	1 990 971	1 356 791	634 180
Goods and services	2 875 163	2 926 595	1 166 164	1 760 431
Transfers and subsidies (Benefit Payments)	71 747 114	15 196 518	22 598 040	(7 401 522)
Payments for capital assets	1 011 314	692 809	78 113	614 696
Buildings and other fixed structures	978 095	626 110	76 503	549 607
Machinery and equipment	33 219	66 699	1 610	65 089
Total payments	77 589 797	20 806 893	25 199 108	(4 392 215)
Surplus/deficit	(57 293 646)	(722 624)	6 570 110	(7 292 734)

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 R11.7 billion more than projected due to higher investment income as a result of the sale of investment instruments to fund the Covid-19TERS and receipts from prior years debt recoveries. Also, there was an increase in the number of employers as the Fund registered 51 000 new commercial and domestic employees in the fourth quarter.
- The largest spending item is cash paid to households (beneficiaries) for UIF benefits:
 - benefits paid amounted to R22.6 billion which is R7.4 billion more than forecasted mainly due to the payment of the COVIDTERS and Workers Affected By Unrest (WABU) benefits which was higher than forecasted, and an increase in unemployment claims due to companies closing. Due to the time lag between time of retrenchment and submission of claims, workers retrenched during November and December of quarter 3 only submitted their claims in quarter 4.
- The slow spending on compensation of employees by R634.2 million is due to a vacancy rate of 7.1 per cent which includes “new” posts budgeted for but not yet filled.
- Spending on goods and services amounted to R1.2 billion which is R1.8 billion less than projected as a result of the delayed delivery of 5 UIF mobile centres, delayed goods and services tenders including the SAP system, queue management and other ICT contracts due to Treasury proclamation following Constitutional Court case, delayed invoicing for SITA data-lines and Microsoft licenses, cancellation of an advertising tender due to the recommended service provider being non-compliant. The Fund will use GCIS for advertising.
- Cash available at the end quarter 4 amounted to R6.6 billion which is R7.3 billion more than forecasted due to higher investment income and contributions received, delays in filling vacant posts and slow spending on goods and services as explained above.