TECHNICAL ASSISTANCE REPORT

SOUTH AFRICA

Report on Government Finance Statistics Mission (July 31–August 11, 2023)

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Abbreviations and Acronyms

AGSA	Auditor General of South Africa
CODI	Corporation for Deposit Insurance
CPD	Corporation for Public Deposit
EBIs	Extra-Budgetary Institutions
GAAP	Generally Accepted Accounting Principles
GFS	Government Finance Statistics
GFSM 2014	*Government Finance Statistics Manual 2014*
IBNR	Incurred but not reported
IDC	Industrial Development Corporation
IEA	Integrated Economic Accounts
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
ISCG	Institutional Sector Classification Guide
MSCOA	Municipal Standard Chart of Accounts
NT	National Treasury
OCR	Outstanding Claims Recorded
PFMA	Public Financial Management Act
PRASA	Passenger Rail Agency of South Africa
PSCC	Public Sector Classification Committee
QB	Quarterly Bulletin
RAF	Road Accident Fund
SARB	South African Reserve Bank
SCOA	Standard Chart of Accounts
SOCs	State-owned companies
STATS SA	Statistics South Africa
SFA	Stock-Flow Adjustment

Summary of Mission Outcomes and Priority Recommendations

Background

1. **At the request of the authorities, a Government Finance Statistics (GFS) training and technical assistance (TA) mission to the Republic of South Africa was conducted in-person between July 31–August 11, 2023, in Pretoria.** The mission was conducted by Mr. Philip Stokoe (lead) and Ms. Foyzunnesa Khatun to provide GFS training and limited technical assistance to staff from the South African Reserve Bank (SARB), National Treasury (NT) and Statistics South Africa (STATS SA).

2. **The mission would like to express its appreciation for the positive engagement by the authorities, and to express gratitude for the assistance they provided throughout the mission.** The team would like to thank staff of SARB for organizing and coordinating the mission. A full list of mission participants is provided at Appendix A.

3. **The first week of the mission provided a short package of GFS training to officials involved in GFS compilation from all three institutions which was well-attended and received.** With an average of 35 participants each day, the course covered key GFS concepts including sector classification, revenue, expenditure, financing, consolidation, the balance sheet, and compilation of GFS from the financial statements of state-owned companies (SOCs) or extrabudgetary institutions (EBIs). The training included formal lectures and compilation exercises. The pre- and post-course evaluations conducted by SARB indicated widespread appreciation for the course and tangible improvements in participants' understanding of the *Government Finance Statistics Manual 2014 (GFSM 2014)*.

4. **The second week of the mission provided an opportunity for technical discussions on the classification of specific entities and transactions, and further compilation issues**. This included discussions of current compilation practices, as well as specific methodological issues such as the classification and treatment of the Road Accident Fund (RAF), the treatment of financial support being provided to ESKOM, and a range of other methodological issues.

Findings

5. **South Africa publishes a wide range of comprehensive fiscal reports.** The Quarterly Bulletin (QB) produced by SARB is one of the most comprehensive fiscal reports published in South Africa with data revenue, expenditure, and financing activities for the consolidated general government, as well as information on non-financial and (some but not all) financial public corporations. The QB includes balance sheets information for local governments, social security funds as well as public corporations. Experimental statistics on consolidated public sector debt are also published.

6. **Statistics on government finances are also compiled and published annually by Statistics South Africa (STATS SA) as well as the National Treasury (NT) as an annexure to their Budget Review.** NT's presentation of the deficit is closer to *GFSM 1986* than *GFSM 2014* as they include policy lending as part of expenditure. NT include information on national government debt, while STATS SA do not compile or publish balance sheet information other than the consolidated statement of financial position for South Africa's municipalities.

7. **Data is compiled and published drawing on a number of different data sources, but there is room for improvement in how data is sourced and compiled**. A key improvement will be to make use of the data from the Vulindlela system. NT is currently leading an important project to map the national

accounting data to the *GFSM 2014*, which should simplify and streamline compilation of GFS data, [as could greater use of the Municipal Chart of Accounts (MSCOA) in compiling local government data, which should also be mapped to *GFSM 2014]*.

8. A key improvement for SARB's data will be to publish the statistical discrepancy. The discrepancy is the difference between the size of the deficit calculated using above-the-line" (revenues and expenditure) and "below-the-line" (financing) data, and it provides an important check on the quality of both source data and compilation processes. Conceptually, the deficit should be the same however this is often not the case because of the need to use different data sources above and below the line, as well as a result of timing and other methodological differences. It is recommended to aim for a discrepancy of 0.1 percent of GDP or less. The QB currently shows a zero statistical discrepancy, but this is achieved by using changes in cash as a residual for any differences between net lending/borrowing and financing. As such, SARB are strongly encouraged to disclose the statistical discrepancy and seek to investigate sources of large discrepancies to then reduce this to recommended levels.

9. South Africa's fiscal data is underpinned by the classification of the various parts of the public sector, with sector classification decisions made by the Public Sector Classification Committee (PSCC). PSCC includes representatives from SARB, STATS SA and NT, and the classification of different units within the public sector are published in the Institutional Sector Classification Guide (ISCG), and the most recent iteration published in September 2022 lists covers hundreds of different public entities classified as either government units, or as public nonfinancial or financial corporations. While the mission did not carry out an in-depth review, much of the classifications appear reasonable but the mission identified several entities where the classification may not be correct, and where the PSCC is recommended to reconsider the classifications.

10. Key entities discussed during the mission included the Road Accident Fund (RAF), Passenger Rail Agency for South Africa (PRASA), the Corporation for Deposit Insurance (CODI), and several other entities. RAF is currently classified as a social security fund but should be reclassified as an extrabudgetary institution. PRASA is currently classified in ISCG as a public nonfinancial corporation but should likely be reclassified as a government unit back to 2018 and likely several years beforehand. The newly established CODI should also likely be classified as a general government unit, in line with the treatment of similar entities elsewhere and in line with *GFSM 2014* guidance on the classification of financial protection schemes. The mission also suggested giving further consideration to several units[1] including units that NT appears to consider part of the government sector, but which are listed as public nonfinancial corporations in ISCG, and Universities, classified as government units in ISCG but which have significant autonomy and may not be completely controlled by the government.

11. Finally, the mission noted the different treatment of municipality trading entities by STATS SA and SARB. STATS SA treat all these entities as public nonfinancial corporations, rather than as part of the local government sector, which reduces the revenues and expenditures of the local government sector in STATS SA's GFS data relative to the data published by SARB. STATS SA's treatment is likely to be correct for many of these entities, however, a full classification review would be needed to determine exactly how these entities should be treated.

12. Beyond the classification of RAF, the mission also discussed how to record its activities. Significant accounting changes in the last couple of years have impacted the stocks and flows published in RAF's financial statements, significantly reducing its liabilities and its annual accrual deficit, and these changes are the subject of legal dispute between RAF and the Auditor General of South Africa (AGSA). The mission, like the auditor general, is skeptical that the more recent accounting approach, and the

[1] These are the Council for Mineral Technology (MINTEK), the South African Nuclear Energy Corporation, the Trans-Caledon Tunnel Authority, and the eight regional Water Boards

substantially lower claims liabilities, is appropriate for RAF from a statistical perspective, and we note that, while on a cash basis, RAF has run a largely balanced budget or modest surpluses / deficits, large accrual deficits (at least in the accounts prior to 2021), raise questions about whether cash accounting is appropriate for this unit, and whether a modified cash approach would be the better approach. Further work is needed to clarify how RAF should be recorded in fiscal statistics, and this will be a key task for a follow-up technical assistance mission.

13. The mission also discussed the treatment of the financial assistance being provided to ESKOM. NT intend to relieve a portion of ESKOM's unsustainable debt and provide debt relief through interest free loans that would subsequently be converted into equity. This operation was discussed in a joint meeting on August 10, 2024, with NT, SARB and STATS SA, attended by the IMF Acting Mission Chief, and followed dialogue earlier in the year between the IMF and the South African authorities on how to record this operation. The mission reiterated that this operation should be recorded above the line (capital transfers) in line with the capital injections guidance in *GFSM 2014*.

14. The mission also provided some further recommendations for improvements to fiscal data in South Africa. These included: (i) investigating options to make adjustments to the data to reflect the provision of free basic services to households (water, electricity and refuse collection); (ii) improvements to the compilation of balance sheet data for social security funds, public financial and nonfinancial enterprises and corporations; and (iii) reporting of data for all public financial enterprises and corporations, as current tables in the SARB QB exclude SARB itself, as well as the Land Bank, Postbank and Corporation for Public Deposits (CPD); and (iv) presentational improvements to experimental public sector debt tables.

15. Implementation of some of these changes will require further investigation and additional technical assistance.

Recommendations

16. The mission identified the following priority recommendations:

Target Date	Recommendation	Responsible institutions
December 2023	Record the ESKOM Bailout as a capital transfer, above the line, in line with *GFSM 2014* guidance	SARB / STATS SA / NT
December 2024	Review the Classifications or RAF, PRASA and CODI and classify / reclassify (as appropriate) in the ISCG	PSCC

Recommendations

Priority Recommendations		
December 2023	Record the ESKOM Bailout as a capital transfer, above the line, in line with *GFSM 2014* guidance	SARB / STATS SA / NT
December 2024	Review the Classifications of RAF, PRASA and CODI and classify / reclassify (as appropriate) in the ISCG	PSCC
Other Recommendations		
December 2024	Review the treatment of RAF transactions and balance sheet entries, and determine the correct treatment in fiscal statistics – include as a key topic in follow up TA Mission	SARB, STATS SA, and NT
December 2024	Authorities are encouraged to prioritize the NT led project to map the national SCoA to *GFSM 2014*.	NT, STATS SA, SARB
December 2024	Review the classification of other nonfinancial corporations (e.g., Mintek, Water Boards) treated as part of the consolidated government by NT, and confirm the correct classification	PSCC
December 2024	Publish the statistical discrepancy between above and below-the-line measures of the deficit in the QB	SARB
December 2024	Revise the presentation of balance sheet data for the social security funds sub-sector to be in line with the local government presentation	SARB
December 2024	Expand the presentation of experimental public sector debt to include instrument breakdowns by key sectors of the public sector	SARB
December 2024	Expand the publication of data for public financial corporations to include all public financial corporations, including SARB, CPD, Land Bank and Post Bank	SARB
December 2024	Revise balance sheet data for social security funds and public corporations to ensure data is in line with statistical definitions of assets and liabilities	SARB
December 2024	Review the classification of municipal trading services and municipal owned companies, and where appropriate classify as public nonfinancial corporations and quasi-corporations	PSCC
December 2024	Review the governance arrangements for universities and technical and vocational colleges and confirm the basis for classification in the public sector	PSCC

Detailed Technical Assessment and Recommendations

A. Compilation of GFS

Background

17. The QB produced by SARB is one of the most comprehensive fiscal reports published in South Africa. Each quarter, the SARB publishes statistics on revenue, expenditure, and financing activities for the consolidated general government, in accordance with *GFSM 2014*. The QB also contains information on non-financial and financial public corporations; however, these are not consolidated with general government to produce consolidated public sector data, other than for the Nonfinancial public sector borrowing requirement which consolidates the borrowing requirement for the general government, including all its sub-sectors, and the nonfinancial public enterprises[2]. The QB contains balance sheet information for national and local governments as well as public corporations. Experimental statistics on consolidated public sector debt are published.

18. Statistics on government finances are also compiled and published annually by Statistics South Africa (STATS SA) as well as the National Treasury (NT) as an annexure to their Budget Review. NT's presentation of the deficit is closer to *GFSM 1986* than *GFSM 2014* as they include policy lending as part of expenditure. NT include information on national government debt, while STATS SA do not compile or publish balance sheet information.

Findings

19. Section 32 of the Public Financial Management Act (PFMA) stipulates that the National Treasury must publish a statement of actual revenue and expenditure with regard to the National Revenue Fund within 30 days of the end of the month. The PFMA also stipulates that every provincial treasury must submit a statement of its revenue and expenditure at least quarterly. SARB use Section 32 reports when compiling GFS, however, have noted that Section 32 reports have limited information on expenditure and therefore use other data sources as well. Section 32 reports provide better information on revenue, which is used by both SARB and STATS SA when compiling GFS.

20. The main data source for national and provincial government expenditure is the Vulindlela system. The Vulindlela system uses a Standard Chart of Accounts (SCoA) that is currently not mapped to *GFSM 2014*, instead the mappings are performed separately by STATS SA. STATS SA perform this mapping at a more granular level (based on descriptions under economic classifications in the SCoA) than SARB as SARB do not have access to the Vulindlela data. This can result in classification and data differences between GFS compiled by the two organizations. A comparison of consolidated general government GFS published by STATS SA and SARB for 2020/21 is provided in Table 4 of Annex C. While the main reason for differences is likely a result of differences in treatment of local government trading bodies (see Sector Classification section), differences in compilation and classification of transactions may also contribute.

21. NT have an important project underway to map the SCoA for National and Provincial governments to *GFSM 2014*. It is important for this work to be completed and for all organizations to agree on the mapping of the SCoA to the *GFSM 2014*. Additionally, it may be beneficial for the PSCC to play a

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[2] Published in Table S-77 of the QB

role in agreeing the mapping, particularly in cases where NT may be uncertain of the correct *GFSM 2014* code to use for a particular SCoA classification. Once completed, the mapped SCoA should form the basis of GFS compilation for National and Provincial governments for all organizations and should allow for more efficient and simplified processing.

22. Data from Vulindlela is supplemented with other sources. Although Vulindlela is comprehensive, some information is not reported on the system. For example, data for legislatures and parliament are on accrual basis of accounting, whilst the rest of the departments are under modified cash basis of accounting. STATS SA also make use of audited Annual Financial Statements (AFS).

23. Information on Local Government is primarily sourced using surveys conducted by STATS SA. STATS SA conduct their survey on a quarterly basis, which usually receives responses from 130 selected municipalities of the 257 municipalities, and the resulting data are used by both STATS SA and SARB to compile GFS for local governments. Additionally, Section 71 of the Municipal Finance Management Act (MFMA) states that Municipalities must report their revenue, expenditure, and borrowings to the Provincial Treasuries on a monthly basis; this in-year monitoring information is then published by NT. The two different data sources provide different results and STATS SA have recently started a project to compare their survey data with their Section 71 reports for those municipalities reporting to the survey. While the survey provides additional information than can be obtained from Section 71 reports, it will be important to understand the differences and use one main source as the basis for local government GFS.

24. Section 71 reports include a Municipal Standard Chart of Accounts (mSCOA). Similar to national and provincial governments, local governments report their revenue and expenditure using a SCoA. The mSCOA is also not currently mapped to *GFSM 2014* and so the authorities are encouraged to conduct an exercise that maps the mSCOA to *GFSM 2014* consistently with the national SCoA.

25. SARB conduct quarterly surveys to obtain information on extra-budgetary units and public corporations. SARB's F02 and F04 Form surveys collect comprehensive information on revenue, expenditure, transactions in financial assets and liabilities as well as stocks. Data from these surveys is used to compile GFS for national extra-budgetary units, social security funds, and public financial and non-financial corporations. The surveys, however, have issues with response rates and as a result require quarterly estimation by SARB for institutions that have not responded. However, larger public corporations such as Eskom consistently report on a quarterly basis.

26. Grants between different levels of government are consolidated, as are some other transactions. In South Africa there are two main types of grants from National Government to other levels of government: division of revenue grants (based on the Division of Revenue Act); and conditional grants which are used to ensure national priorities are adequately provided for in provincial and local government budgets. Both SARB and STATS SA experience difficulties in consolidating these grants fully, in particular as a result of timing differences as local governments report on an accrual basis whereas national and provincial governments report on a modified-cash basis. Variances also arise potentially as a result of differences in classification between national and other levels of government. Other transactions such as payments for services between government units are also consolidated. Issues around consolidation of grants will be explored further in a future technical assistance mission.

27. The size of statistical discrepancies provides an important check on the quality of both source data and compilation processes. *GFSM 2014* encourages the compilation of detailed GFS data include "above-the-line" (revenues and expenditure) and "below-the-line" (financing) data for government, allowing the deficit to be calculated using both above and below the line data. Conceptually, the deficit should be the same in both cases. However, in practice, this is not typically the case because of the need to use different data sources above and below the line, as well as a result of timing differences. Any difference between the above and below-the-line deficit is referred to as the "statistical discrepancy" and it is recommended that this is less than 0.1 percent of GDP. The QB shows a zero statistical discrepancy as the movements in cash is used as a residual for any differences between net lending/borrowing and financing. As such, SARB are strongly encouraged to disclose this statistical discrepancy and seek to keep it at recommended levels.

28. Experimental data on public sector debt are published using SARB's Integrated Economic Accounts (IEA). In addition to the balance sheet information obtained from NT, F02, F04 and local government surveys, the QB contains an experimental balance sheet compiled from SARB's IEA project. The IEA are also used to provide balance sheet information in the annual GFS submission to the IMF statistics department. Differences exist between the IEA balance sheet information compiled by SARB i.e., the experimental public sector debt statistics and official statistics in SARB. SARB have a project in progress to identify and resolve the differences. Ideally, public sector balance sheets in the QB and IEA should be same, any coverage differences should be explained.

29. Changes in stocks should be explained by transactions and other economic flows. The integrated analytic framework in *GFSM 2014* explains that all changes in the balance sheet between two periods should be explained by transactions and other economic flows. Any significant divergences can indicate data quality or compilation issues. SARB do not report other economic flows (holding gains/ losses and other changes in volume of assets and liabilities) in the QB or the annual submission to the IMF. As such, any differences between transactions and changes in stock levels could be inferred as another economic flow (stock changes resulting from prices changes, exchange rate movements, sector classification changes) – the derived figure is also referred to as a "stock-flow-adjustment" (SFA). The mission presented the SFAs from annual GFS submission in the context of the GFS training provided in the first week. These are shown in Table 3 in Appendix B. SARB should review any large differences to ensure there are no data quality or compilation issues.

Recommendations

Target Date	Recommendation	Responsible institutions
December 2024	Publish the statistical discrepancy between above and below the line measures of the deficit in the QB	SARB
December 2024	Authorities are encouraged to prioritize the NT led project to map the national SCoA to *GFSM 2014*.	NT, STATS SA, SARB

B. Sector Classification

Background

30. The starting point for compilation of high-quality fiscal data is the classification of institutional units as part of the public sector, and the delineation of the public sector between the general government and public corporations. This is a well understood and well-defined process in South Africa. The various GFS compilers in South Africa jointly agree on the classification of entities within the public sector through the PSCC, and SARB publishes the list of units classified within the different parts of the public sector in the Institutional Sector Classification Guide (ISCG) for South Africa. The guide is updated every 5-6 years and was last updated and published in August 2022.

31. The public and general government sectors are discussed in detail in *GFSM 2014* Chapter 2, which states that it "consists of resident institutional units that fulfill the functions of government as their primary activity." *GFSM 2014* goes on to state that general government includes all non-market units controlled by government units, with guidance provided on how to recognize when units are controlled by the government. Relevant factors include things like the extent of government ownership, powers to appoint the management of an entity, ability to regulate aspects of operations, with slightly different rules applying to entities established as companies versus those established as not-for-profit entities.

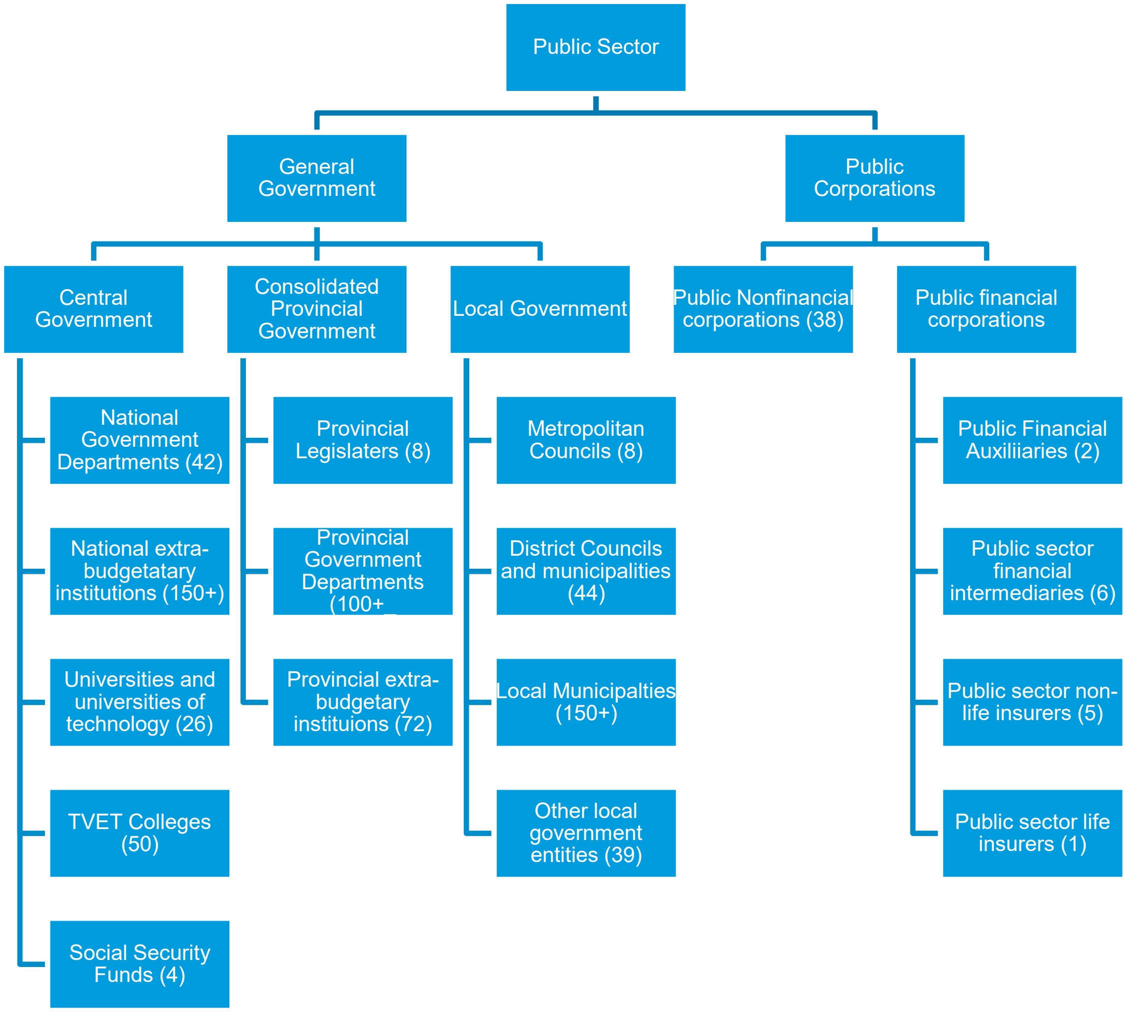
32. **For entities to be classified as a public corporation, *GFSM 2014* requires them to be a "market producer".** Guidance is provided in the manual on how to recognize this, in general cases, and through specific guidance on particular types of entity, with slightly different guidance for units that are engaged in nonfinancial activities (mostly relying on a quantitative "market test"), or more "functional" tests used for units engaged in financial activities (i.e., to be classified as a public financial corporation an entity should have the characteristics of a bank, pension fund, insurance corporation or other defined type of financial corporation). Ideally, all compilers of macroeconomic statistics should have a common understanding of what should be classified in each sub-sector and statistics published by different entities use similar definitions and concepts.

Findings

33. **South Africa's ISCG[3] identifies public sector units across several different subcategories.** The general government sector is divided between the central government, consolidated provincial governments and local governments, with further subdivisions within these. In the wider public sector, 38 public nonfinancial corporations are identified, as well as a number of public financial corporations split across a handful of sub-categories of the financial corporations sector. However, there are some public financial corporations that are not clearly identified as such in the ISCG, including SARB itself, the Land Bank and the Post Bank. These entities are not clearly identified as public financial corporations, and so SARB may wish to give some thought to restructuring the ISCG in the future to more clearly identify all public financial corporations.

[3] See https://www.resbank.co.za/en/home/publications/guides/institutional-sector-classification-guide-for-sa

Figure 1: Structure of South African Public Sector



Source: Institutional Sector Classification Guide for South Africa 2022

34. **The mission did not conduct a comprehensive review of the entities listed in ISCG to confirm they are correctly classified, but from a high-level review, much of the classifications appear to be reasonable.** However, the mission has identified a number of entities where the classification should be further reviewed.

35. **The Road Accident Fund (RAF) is currently classified in the ISCG as a social security fund, but this classification is incorrect**. Social security funds, by definition, are entities that operate social security schemes, and such schemes, again by definition, are contributory social insurance schemes, funded by social security contributions, that pay out social security benefits. Qualification for receipt of benefits is conditional on having paid some social security contributions (see *GFSM 2014* §2.100-2.101). RAF does not meet this definition, the benefits paid by RAF are not dependent upon having elected to participate in the scheme, and so while they are social benefits, they are social *assistance* benefits, not social security benefits. On the *funding* side, RAF is funded, not by social security contributions but by a tax on fuel, and *GFSM 2014* includes specific language that explains that such levies are treated as excises taxes, even if used to financial social benefits to victims of motor vehicle accidents, as in the case of RAF (see *GFSM 2014* §5.96). The mission therefore recommended that the classification of RAF be reviewed

again, with a strong expectation that it would be reclassified from the social security funds sub-sector to the national extrabudgetary institutions sub-sector.

36. The mission also reviewed the classification of the Passenger Rail Authority of South Africa (PRASA), which is listed as a public nonfinancial corporation, should instead be classified as a general government unit. PRASA has had some well documented difficulties with vandalism, theft and serious damage to infrastructure during and following the Covid-19 emergency, and revenue from passenger fares has plummeted, but even back in 2018 and likely for several years prior PRASA was hugely reliant on government subsidies to meet its operating costs, and the mission concluded it has not come close to passing the quantitative market test set out in *GFSM 2014* §2.69, which requires that sales (at economically significant prices) cover at least half of an entities production costs, over a sustained multiyear period, for at least the past five years. A high-level overview of PRASA's finances from 2018-2022 is shown in Table 1, including the results of the quantitative market test. The mission recommends that the market test for PRASA be extended, and PRASA reclassified as a government unit as far back as required.

Table 1: PRASA Revenues and Expenditures and Market Test 2018-2022

	Year ending 31 March	2018	2019	2020	2021	2022
	Total Revenue	14,162	13,959	16,204	11,399	18,741
A	Fare Revenue	1,802	1,516	1,049	178	343
B	Operating lease rental income	675	773	725	527	608
C	Interest	968	1,012	1,520	1,095	1,005
D	Other Income	170	308	273	125	116
E	Operating Subsidy	5,876	6,577	8,376	9,474	16,669
F	Capital subsidy	4,671	3,474	4,259	-	-
G	Fair Value Adjustments / actuarial gains	-	299	2	-	-
	Total Expenditure	**12,756**	**16,101**	**13,927**	**14,528**	**12,891**
H	Employment related costs	5,444	5,688	5,789	5,772	5,876
I	Depreciation and amortization	2,357	2,184	2,518	2,942	2,479
J	Repairs and maintenance	645	1,232	1,070	378	410
K	General expenses	4,339	7,536	4,238	2,602	3,618
L	Finance costs	12	22	34	29	40
M	Impairment losses / reversal of impairments	(41)	(657)	(19)	1,155	76
N	Loss on disposal of assets	-	96	245	1,535	76
O	Fair value adjustments	-	-	52	115	316
H	Employment related costs	5,444	5,688	5,789	5,772	5,876
	Deficit / Surplus	**1,406**	**(2,142)**	**2,277**	**(3,129)**	**5,850**
	Market Test					
	(A+B+D) / (H+I+J+K+L)	**21%**	**16%**	**15%**	**7%**	**9%**

Source: PRASA Financial Statements (Economic Entity), and Mission Calculations

37. The mission also noted discrepancies between the list of units identified as public nonfinancial corporations in ISCG and the entities identified as part of the consolidated government account published by NT in Annexure W2 of the 2023 Budget Review. This annexure appears to be making a similar distinction between units that provide goods and services at non-market prices, which get included in NT's consolidated government account, and National and provincial state-owned companies and local authority trading entities providing goods and services at market-related prices, which form part of the broader public sector, which are excluded.

38. **The NT document includes PRASA within the list of public entities included in consolidation, and several other entities that the ISCG lists as a public nonfinancial corporation**. This includes the Council for Mineral Technology (MINTEK), the South African Nuclear Energy Corporation, Trans-Caledon Tunnel Authority (TCTA), and the eight regional Water Boards. Given that NT appears to have correctly recognized PRASA as a non-market unit, and that from a brief review some of these units do seem to be borderline units, it is recommended that PSCC review the classification of these entities, to ensure that all compilers of fiscal data have a common approach to classification and a shared view of the correct boundary of the general government.

39. **The mission also noted with interest the classification by SARB of universities and Technical Vocational Education and Training (TVET) Colleges within the general government sector.** These entities are not consolidated by the NT in their consolidated government accounts, suggesting NT has a different view of how they should be classified. The classification of similar institutions in other countries varies, as does the extent of public sector ownership and control. In some countries, universities are classified as part of the public sector, and within the general government, in others, such as the USA, universities can be either public (typically the State Universities) or private (including many of the well-known US Universities such as Harvard and Yale). In the UK, universities are classified in the private sector. It is worth noting that a number of universities in South Africa, including the Universities of Cape Town, Stellenbosch, Witwatersrand, Pretoria and the Rhodes University were founded over a century ago, and predate the Union of South Africa, as well as the current Republic of South Africa and appear to have a significant degree of autonomy.

40. **Governance structures for Universities in South Africa feature a University Council, sometimes a Senate, but relatively small numbers of direct government appointees on the governing body.** While there are legislative constraints on how universities can operate, they appear to have considerable autonomy on day-to-day operations and so the mission recommends that PSCC should review the extent of public sector control over South African universities to confirm that it is correct to classify them inside the public sector.

41. **At the local government level, a further important consideration is the treatment of Municipal trading services.** Unusually, municipalities in South Africa are largely responsible for the distribution of water and electricity. These services (and possibly others) are handled in some municipalities by dedicated and legal separate entities, such as City Power Johannesburg (Pty) Ltd, or Johannesburg Water SOC Ltd. In other cities, there is no legally separate entity, but municipalities keep ringfenced accounts for the trading services, in part due to the different VAT treatment of these parts of municipal operations, that should enable them to be separately reported.

42. **STATS SA treats these trading services as separate nonfinancial corporations, in the national accounts and in the annual GFS they compile.** By contrast, SARB does not separate out these entities in the GFS data that it compiles, and consequently the local government and general government GFS data published by SARB shows higher levels of both revenue and expenditure compared to the data published by STATS SA for the same period, which excludes the revenues and expenditures of these trading entities, which can be seen in Table 5 in Appendix C. From reviewing the published accounts from City Power Johannesburg (Pty) Ltd, and the segmental reporting in the eThekwini Municipality, the mission has concluded that the STATS SA approach is very likely correct, and PSCC should identify the municipal owned companies, and their trading services (where separate companies do not exist), as public nonfinancial corporations and quasi-corporations (see *GFSM 2014* §2.33).

43. Finally, the mission discussed the classification of the newly established Corporation for Deposit Insurance (CODI), which SARB had been proposing to classify as a public insurance corporation, and recommended it be classified as a general government unit. CODI is a typical example of a financial protection scheme, which are discussed in *GFSM 2014* §2.132-2.135 (with similar guidance in the Monetary and Financial Statistics Manual and Compilation Guide 2016). In the guidance, a financial protection scheme is classified inside the general government sector when participation in the scheme is compulsory, or when the fees paid by beneficiaries are out of proportion to the service provided, or when the fees payable are not being set aside.

44. In most cases, as with CODI, participation in deposit protection schemes is mandatory, leading to the recommendation that most of these schemes are classified inside general government. The mission discussed the classification of CODI during and following the mission with the Financial Institutions Division of the IMF Statistics Department, who share the view that CODI should be classified inside the general (central) government sector.

45. Any reclassifications have the potential to impact the GFS data published by SARB, NT or STATS SA, as well as the GFS data provide to the IMF's African and Statistics Departments, and so thought should be given to whether and how to revise the data. The mission did not discuss timescales for *when* any revisions should be implemented, and some will be more technically challenging to implement than others (perhaps requiring adjustments to data collections). The mission recommends that the PSCC aim to agree on the simpler reclassifications by the end of 2023, with the more difficult reviews taking place in 2024, and the changes to the data being implemented later. Some of these classifications can be discussed during follow up technical assistance.

Recommendations

Target Date	Recommendation	Responsible institutions
December 2024	Review the classification of the RAF, and reclassify as an EBI	PSCC
December 2024	Review the classification of PRASA, and reclassify as an EBI from the appropriate point in time	PSCC
December 2024	Review the classification of CODI, and classify as an EBI from its creation	PSCC
December 2024	Review the classification of other nonfinancial corporations (e.g., Mintek, Water Boards) treated as part of the consolidated government by NT, and confirm the correct classification	PSCC/NT
December 2024	Review the classification of municipal trading services and municipal owned companies, and where appropriate classify as public nonfinancial corporations and quasi-corporations	PSCC
December 2024	Review the governance arrangements for universities and TVET colleges and confirm the basis for classification in the public sector	PSCC

C. Specific Issues in Fiscal Data

Background

46. In addition to discussing some data compilation and sector classification issues, leading to the recommendations in Parts A and B of this report, the mission discussed several other issues, some more important than others, where improvements to fiscal data compilation and / or dissemination can be made. These included (i) recording of the transactions and balance sheet positions of the Road Accident Fund; (ii) recording of financial support being provided to ESKOM, (iii) recording of free basic services (water and electricity); (iv) improvements to the compilation of balance sheet data for public corporations to better align with statistical standards (v) incomplete recording of public financial corporations in SARB's QB; and (vi) presentational changes to some items in the current QB, and to the experimental public sector debt statistics.

Findings

Recording of transactions and balance sheet positions for the RAF

47. The sector classification of RAF is discussed in Section B, but while it is important to reclassify RAF from the social security funds sub-sector to the extrabudgetary institutions sub-sector, it is more important to correctly classify RAF's transactions and balance sheet positions in GFS. One important change is the classification of its main revenue source, the fuel levy, which should be classified as an excise tax (GFS code 1142). However, it is also likely, applying *GFSM 2014* guidance on tax attribution (see *GFSM 2014* §5.33-5.34) that the fuel levy should be classified as tax revenue *for the national government*, that is then *transferred to RAF as a grant*. On the expenditure side, the main adjustment is to record the payments of benefits by RAF not as social security benefits, but as social assistance benefits, given the RAF does not operate a social security scheme.

48. However, the bigger issue concerns RAF's balance sheet, and especially its liabilities and accrued expenditures, especially given recent contentious changes in how RAF records its operations. In RAF's 2019-20 annual report, its statement of financial position balance sheet showed total liabilities of R332 billion (approximately 6 per cent of GDP), mostly consisting of current and non-current claims liabilities of R331 billion. These claims liabilities were subdivided into two main sub items called "liability for outstanding claims recorded" (R213 billion) and "liability for claims incurred, but not yet reported" (R103 billion). The income statement and cash flow statement reveal that this liability is impacted by the accrual of significant additional amounts of claims expenditure over and above the claims paid in cash.

49. However, in RAF's latest financial statements, RAF has adopted a new accounting policy, significantly reducing its contingent liabilities. Total liabilities on 31 March 2022 fell to just R28 billion, or just 0.4 per cent of GDP. This has knock on changes in the income statement too. Whereas in 2020 RAF's accounts showed a deficit (on an accrual basis) for the year of R59 billion (1 per cent of GDP), the 2021 and 2022 accounts showed small surpluses. Summary data from RAF's Statement of Financial Performance (income statement), and Statement of Financial Position (balance sheet), illustrating the impact of the accounting change is shown in Table 2.

Table 2: RAF Revenue, Expenditure, Deficit and Liabilities 2018-19 to 2021-22

R billion	*2018-19*	*2019-20*	*2020-21*	*2021-22*
Total Revenue	43.2	41.2	42.3	48.2
Total Expenditure	99.0	100.9	40.5	47.8
Deficit for the year	**(55.8)**	**(59.6)**	**1.8**	**0.4**
Total Liabilities	273.3	321.7	31.5	27.7

Source: RAF Annual Reports for 2019-20 and 2021-22

50. GFS compiled from this source data, is consequently very different. It is also possible to compile data on a cash basis, using the cash flow statement, which is the approach that SARB currently use in the QB. After the mission, we compiled indicative GFS data for RAF from the financial statements on a cash and accrual basis for 2018-19 and 2019-20 (where there is a large difference between the two), and then accrual-based GFS for 2020-21 and 2021-22 (where there is little difference, and the results of this are shown in Table 3, with full GFS tables show in Annex D. These different approaches to compiling GFS have a material impact on the fiscal accounts for South Africa's general government published by SARB, NT and STATS SA.

Table 3: RAF GFS Data 2018-29- to 2021-22

		Accrual Basis		*Cash Basis*		*Accrual Basis**	
R billion		*2018-19*	*2019-20*	*2018-19*	*2019-20*	*2020-21*	*2021-22*
1	Revenue	43.2	41.2	42.0	42.7	42.3	48.2
2	Expense	99.0	100.9	42.6	42.2	40.5	47.8
31	Net Investment in nonfinancial assets	0.0	**0.0**	0.0	**0.0**	**0.0**	**0.0**
NLB	**Net Lending / Borrowing (1-2-31)**	**(55.8)**	**(60.0)**	**(0.5)**	**(0.5)**	**1.8**	**0.4**

Source: RAF Annual Reports for 2019-20 and 2021-22 and Mission Calculations

* New accounting basis

51. The change in the accounting approach has been heavily criticized by the AGSA, with ongoing legal disputes related to this accounting change, but the key question is how should the activities of the RAF be recorded in fiscal statistics and what should be recorded in the government balance sheet? The mission did not discuss this in depth, and this topic will likely need to be revisited during a future mission, but the mission noted the following:

- Under the previous accounting regime, claims liabilities included two main sub items - "liability for outstanding claims recorded" (OCR) and "liability for claims incurred, but not yet reported" (IBNR). OCR were described as claims incurred, but not yet settled, but these are estimated using a number of assumptions and valued at the net present value.
- IBNR are described as claims that are deemed to have happened, but which are not yet registered on the claims system, and again, these are estimated.
- These methods are somewhat similar to the approach taken by insurance companies, and broadly similar approach is used to estimate insurance technical reserves in the balance sheets for insurance corporations in macroeconomic statistics, but RAF is not an insurance corporation.
- As a general government unit, the likely correct approach would be to record an account payable, equal to the value of the claims recorded, and where amounts have been agreed to be owed to the claimant, even if it is not known when that payment will be made (given the constrained resources available to RAF). This might be close to the value of OCR; however, the mission considers it unlikely that fiscal statistics should include stocks and flows related to IBNR claims, which resemble provisions or contingent liabilities.
- The mission, like the auditor general, is skeptical that the more recent accounting approach, and the substantially lower claims liabilities, is appropriate for RAF from a statistical perspective.
- The mission also notes that, *on a cash basis*, RAF has run a largely balanced budget or modest surpluses / deficits but given the large accrual deficits (at least in the accounts prior to 2021), the mission questioned whether cash accounting is appropriate for this unit, and whether a modified cash approach would be the better approach.

52. Further work will be needed in follow up missions to review the data for RAF and compile appropriate stocks and flows in South Africa's GFS data. This may also need to be informed by discussions with both RAF and the AGSA, and agreement on any necessary adjustments to existing source data, and the mission recognizes that this may take some time and be a highly contentious topic, but the fiscal impact on both the general government deficit and the stock of debt (defined to include other accounts payable) could be very significant.

Recording of financial support being provided to ESKOM.

53. A key discussion during the TA part of the mission was the recording of the planned financial assistance to ESKOM. During the first week of the mission, within the training, the mission provided general guidance on the recording of capital injections into public corporations, noting the guidance provided in *GFSM 2014* Chapter 6 and Appendix 3.

54. In March 2023, as part of the 2023 Budget Review, the NT published Annexure W3 on ESKOM debt relief, setting out plans on how the NT plans to provide assistance to the company. The document explains how the intention is to relieve a portion of ESKOM's unsustainable debt, and that the plan is to implement a debt relief arrangement through advances from the government in the form of an interest free subordinated loan, that would, provided conditions are met, be converted into equity.

55. Relevant guidance for how to record this operation was discussed at a meeting on August 10, 2024, that included key officers from NT, SARB and STATS SA, the mission and the Acting IMF Mission Chief, and followed dialogue earlier in the year between the IMF and the SA authorities on how to record this operation. In the budget presentation, as described and defined in Annexure W2 Structure of the Government Accounts, the mission noted that the operation to assist ESKOM should likely be recorded above the line, within the category payments for financial assets. This category is defined by NT as including "lending to or making equity investments in public corporations as well as debt takeovers for policy purposes. Payments for financial assets are expensed rather than treated as financing because, unlike other financial transactions, the purpose of the transaction is not market oriented. " Below the line spending, Financing, in the budget presentation, is narrowly defined, and" encompasses all financial transactions other than transactions in financial assets and liabilities and payments for financial assets, which are included as part of receipts and payments."

56. The mission confirmed that recording of this operation under *GFSM 2014* should also be above the line, applying the relevant guidance in the manual. Under the guidance in *GFSM 2014* Chapter 6 and Appendix 3, the key questions when financing is provided to a public corporation in distress are whether the government has an effective financial claim on the corporation (when the injection is a loan), and whether a realistic return can be expected upon the investment (when the injection is other than a loan). In the case of the ESKOM injection, there is no effective claim for the loan, as the loan is intended to be converted to equity within a short period of time, rather than repaid. As for whether the government can expect a realistic rate of return, ex ante this has to be extremely unlikely. ESKOM has been financially struggling for some time, with serious problems going beyond debt servicing, given it has problems simply keeping maintaining its assets and keeping the lights on in the country. This has had knock on effects to ESKOM's customer base, as long running problems have led businesses and household to move off the grid and / or reduce consumption and / or seek alternative sources of power, causing long term damage to ESKOM's customer base.

Recording of provision of free basic services

57. One significant item not currently captured properly in South Africa's GFS data concerns the provision of free basic services, primarily water, sanitation, electricity and refuse removal, to low-income households. For households that fall below a specific income threshold, which comprise a significant proportion of South African households, the government provides a subsidy for the provision of free basic water (six kiloliters per poor household per month), energy (50 kilowatt-hours per month) and sanitation and refuse removal (based on service levels defined by national policy).

58. These services, provided to low-income households, should be recorded as social benefits in SAs GFS data. In the 2023 Budget Review, Annexure W1 Explanatory Memorandum to the Division of Revenue explains that local government receives a share of nationally raised revenue called the "local government equitable share" and this funding is calculated to take into account, among other things, the costs of providing these basic services. The amount of the equitable share for 2023/24 as a result of the need to provide basic services is shown as almost R71 billion – which is almost 23% of the total general government social benefits recorded by SARB in fiscal year 2021/2022.

59. Recording these flows correctly is complicated by the need to identify all of the flows that should be recorded. There are already transfers, presumably recorded as grants, between the National Government and local government via the local government equitable share, however the actual free services are presumably provided by the municipal trading services discussed in Section B of this report. As noted earlier, it would be desirable to separate the trading services from the wider local government in SARB's GFS data. Consequently, further work will be needed during future TA to identify the correct way to fully record the provision of the free basic services in SA's GFS data.

Improve compilation of balance sheet data for public corporations to improve alignment with statistical standards.

60. SARB compile and disseminate balance sheet data for public nonfinancial corporations and (a subset of) public financial corporations in the QB. This data is compiled from balance sheet data for the corporations reported compiled in line with International Financial Reporting Standards (IFRS) or South African Generally Accepted Accounting Principles (GAAP). Although there is considerably overlap between the concept of assets and liabilities in accounting standards like IFRS and GAAP and the asset / liability definitions in macroeconomic statistics, they are not perfectly aligned and there are important differences between these different standards.

61. Key differences between IFRS and GAAP, and macroeconomic statistics include the approach to provisions, as well as certain types of tax assets and liabilities. Other than in some tightly defined circumstances, provisions are not recorded in macroeconomic statistics, but are recorded under IFRS or GAAP based financial statements. These can be substantial, as discussed in respect of the RAF above, but other South African Public corporations also have substantial provisions in their balance sheet, including ESKOM, with provisions of almost R60 billion recorded as liabilities in their 2022 Group Statement of Financial Position.

62. In addition, depending on local tax laws, corporations may hold deferred tax assets or record tax liabilities on their balance sheet, but in many cases, these too may not need to be recorded in a statistical balance sheet. In most cases, the government will be the counterparty to these assets and liabilities, but the government will not record liabilities associated with deferred tax assets, and depending on how government revenue is recorded, government will rarely record accounts receivable for tax liabilities of corporations in its balance sheet.

63. Provisions, tax liabilities and deferred taxes are being recorded in the balance sheet of local governments and corporations, and there are likely other misclassifications. For example, footnote 5 on the shares and other equity liabilities of public financial corporations indicates that they include "ordinary and preference shares", however preference shares are not classification as equity liabilities, but rather as a type of debt security (as unlike ordinary shares, preference or preferred shares pay fixed returns – see *GFSM 2014* §7.150). The mission provided training on compiling GFS and balance sheet data from financial statements, and the authorities recognized that some adjustments will be required to this data to ensure it is aligned with the guidance in the statistical manuals.

Incomplete reporting of public financial corporations in SARB's QB

64. SARB's QB, as noted in Section A, includes data the general government sector, public nonfinancial corporations and public financial corporations, however the data for public financial corporations is incomplete. SARB note that they include financial public enterprises and corporations such as the Industrial Development Corporation (IDC) of SA Ltd, but specifically states that it excludes SARB, Corporation for Public Deposits (CPD), the Land Bank and Postbank, all of which are also public financial corporations[4]. The QB states that these are excluded because they are covered in the monetary statistical pages, but as a result of this the public financial corporations data is incomplete.

65. The mission encouraged the authorities to expand the recording to include all public financial corporations, including SARB, CPD, Land Bank and Post Bank. This could be done through maintaining the existing tables, and then adding separate tables for public deposit taking corporations and SARB, or by compiling revised tables that provide data for all public financial corporations, but the current approach significantly understates the size of the public financial corporations sector.

Presentational changes

66. The mission also noted some major and minor changes and improvements to the presentation of data in the QB and the new experimental public sector debt statistics. In the QB, the mission noted some minor inconsistencies in terminology.

67. One major change is to the presentation of balance sheet data for the social security funds sub-sector. At present, this data (which includes the RAF), shows total assets equal to total liabilities, with a substantial equity and investment fund shares liability (divided between reserves and retained earnings), and significant amounts of other accounts receivable (which includes the accumulated deficit of the RAF, but this data is significantly misleading. Much of the recording error arise from RAF, and so will be dealt with by the reclassification of RAF outside the social security funds sub-sector and the correct recording of this entity, however the conceptual presentation of this sub-sector should be adjusted to be similar to that of the local government balance sheet – showing total assets equal to liabilities and net worth, without recording liabilities in the form of equity and investment fund shares.

68. More minor changes are to ensure terminology is fully aligned in the document. For example, the balance sheet presentation for financial public enterprises and corporations refers to *debt securities* on the liabilities side, but *securities other than shares* (as debt securities were known in *GFSM 2001*) on the asset side. It would be good to ensure this terminology is aligned across all the tables in the document.

69. Finally, the mission welcomed the experimental public sector debt tables prepared by SARB and included in the QB. The data is presented in two tables that show: (i) the debt of each of the difference sub-sectors of the public sector (See figure 1); and (ii) total public debt broken by instrument. The mission suggested adding additional tables to show the instrument breakdown of debt by the main sub-sectors (probably the National Government, General Government, Nonfinancial and financial corporations), as the type of debt held by the different sub-sectors are very different.

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[4] The ISCG lists 14 different public financial corporations – 2 financial auxiliaries, 6 public sector financial intermediaries, 5 public sector non-life insurers and 1 public sector life insurer – its not clear which of these are included in the data.

Recommendations

Target Date	Recommendation	Responsible institutions
December 2023	Record the ESKOM Bailout as a capital transfer, above the line, in line with *GFSM 2014* guidance	SARB / STATS SA / NT
December 2024	Review the treatment of RAF transactions and balance sheet entries, and determine the correct treatment in fiscal statistics – include as a key topic in follow up TA Mission	SARB, STATS SA, and NT
December 2024	Revise the presentation of balance sheet data for the social security funds subsector to be in line with the local government presentation	SARB
December 2024	Expand the presentation of experimental public sector debt to include instrument breakdowns by key sectors of the public sector	SARB
December 2024	Expand the publication of data for public financial corporations to include all public financial corporations, including SARB, CPD, Land Bank and Post Bank	SARB
December 2024	Revise balance sheet data for local governments and public corporations to ensure data is in line with statistical definitions of assets and liabilities	SARB

Appendices

Appendix I. Officials Met During the Mission

Name	Designation	Institution
Mr. Lesetja Kganyago	*Governor*	South African Reserve Bank
Mr. Kuben Naidoo	*Deputy Governor*	South African Reserve Bank
Mr. Michael Manamela	*Head of Department, Economic Statistics Department*	South African Reserve Bank
Ms. Susana Paulse	*Senior Manager, Economic Statistics Department*	South African Reserve Bank
Ms. Lisa De Beer	*Lead Economist, Economic Statistics Department*	South African Reserve Bank
Mr. Barend de Beer	*Senior Manager, Economic Statistics Department*	South African Reserve Bank
Ms. Akhona Mgwele	*Senior Economist, Economic Statistics Department*	South African Reserve Bank
Ms. Eldoret DeLange	*Associate Economist, Economic Statistics Department*	South African Reserve Bank
Mr. Victor Ramphele	*Senior Economist, Economic Statistics Department*	South African Reserve Bank
Ms. Tlhologelo Thoka	*Economist, Economic Statistics Department*	South African Reserve Bank
Ms. Theresa Gumbi	*Economist, Economic Statistics Department*	South African Reserve Bank
Ms. Mothwale Maboea	*Economist, Economic Statistics Department*	South African Reserve Bank
Ms. Vutlhari Mathe	*Associate Economist, Economic Statistics Department*	South African Reserve Bank
Ms. Vutomi Nkuna	*Economist, Economic Statistics Department*	South African Reserve Bank
Ms. Freelancia Pulutsoana	*Junior Economist, Economic Statistics Department*	South African Reserve Bank
Ms. Keitumetse Sathikge	*Team Leader - Financial Reporting Financial Services Department*	South African Reserve Bank

Name	Designation	Institution
Mr. Mahlatse Mdluli	*Associate Economist, Economic Statistics Department*	South African Reserve Bank
Mr. Kgomotso Thanwane	*Economist, Economic Statistics Department*	South African Reserve Bank
Mr. Gray Morai	*Junior Economist, Economic Statistics Department*	South African Reserve Bank
Ms. Keletso Morwane	*Graduate, SARB Academy*	South African Reserve Bank
Ms. Khumbudzo Muneri	*Senior Economist, Economic Statistics Department*	South African Reserve Bank
Ms. Lerato Enele	*Economist, Economic Statistics Department*	South African Reserve Bank
Ms. Elizabeth Makhafola	*Director, Government Financial Statistics, National and Provincial Government Institutions*	Statistics South Africa
Ms. Nomvula Nobiya	*Deputy Director: Economist, Government Financial Statistics, National and Provincial Government Institutions*	Statistics South Africa
Mr. Ephraim Mowa	*Assistant Director: Economist, Government Financial Statistics, National and Provincial Government Institutions*	Statistics South Africa
Mr. Elvis Mulaudzi	*Assistant Director: Economist, Government Financial Statistics, National and Provincial Government Institutions*	Statistics South Africa
Ms. Lerato Sindani	*Assistant Director: Economist, Government Financial Statistics, National and Provincial Government Institutions*	Statistics South Africa
Mr. William Mello	*Economist, Government Financial Statistics, National and Provincial Government Institutions*	Statistics South Africa
Mr Edgar Sishi	*Head, Budget Office*	National Treasury
Mr. Hennie Swanepoel	*Chief Director, Budget Office*	National Treasury
Ms. Lindy Bodewig	*Chief Director, Office of the Accountant General*	National Treasury
Ms. Busi Motlhabedi	*Chief Director, Budget Office Government Finance Statistics*	National Treasury
Ms. Alice Mahlomotja	*Director, Budget Office Government Finance Statistics*	National Treasury
Ms. Tumi Tjale	*Director, Budget Office Government Finance*	National Treasury

Name	Designation	Institution
	Statistics	
Mr. Patrick Mbedzi	*Deputy Director, Budget Office Government Finance Statistics*	National Treasury
Ms. Kegomoditswe Setlhogo	*Deputy Director, Budget Office Government Finance Statistics*	National Treasury
Ms. Sebina Molise	*Deputy Director, Budget Office Government Finance Statistics*	National Treasury
Ms. Vanessa Parker	*Deputy Director, Budget Office Government Finance Statistics*	National Treasury
Mr. Vuyo Ngqukumba	*Deputy Director, Budget Office Government Finance Statistics*	National Treasury
Ms. Mokelane Ndaba	*Deputy Director, Budget Office Government Finance Statistics*	National Treasury
Ms. Takalani Rasalanavho	*Deputy Director, Budget Office Government Finance Statistics*	National Treasury
Ms. Kakanyo Mosikare	*Director, Office of the Accountant General Technical Support Services*	National Treasury
Ms. Moushumi Dullabh	*Director, Office of the Accountant General Technical Support Services*	National Treasury
Mr. Mthembisi Gama	*Deputy Director, Office of the Accountant General Technical Support Services*	National Treasury
Ms. Ledile Mello	*Deputy Director, Office of the Accountant General Technical Support Services*	National Treasury

Appendix II. Stock-Flow Adjustments for 2022 Annual GFS Submission

Table 3: Stock-flow adjustments for 2022 Annual GFS submission (2018-2021)

Instrument	Category	2018	2019	2020	2021
Financial Assets					
Currency and deposits	Stock	520	566	663	670
	Transaction	-18	27	108	-53
	SFA		19	-11	60
Debt securities	Stock	46	25	9	3
	Transaction	0	-6	-41	45
	SFA		-15	25	-51
Loans	Stock	307	449	340	332
	Transaction	0	-3	2	2
	SFA		145	-112	-9
Equity and investment fund shares	Stock	710	711	805	797
	Transaction	16	7	22	-6
	SFA		-7	72	-2
Insurance, pension, and standardized guarantee schemes	Stock	169	157	214	235
	Transaction	0	0	1	0
	SFA		-13	56	21
Other accounts receivable	Stock	389	407	418	426
	Transaction	25	119	99	83
	SFA		-101	-88	-74
Liabilities					
Currency and deposits	Stock	0	0	0	0
	Transaction	0	0	0	0
	SFA		0	0	0
Debt securities	Stock	2,732	3,178	3,822	4,059
	Transaction	166	297	535	196
	SFA		148	109	42
Loans	Stock	83	110	171	176
	Transaction	24	39	71	26
	SFA		-13	-9	-22
Equity and investment fund shares	Stock	0	0	0	0
	Transaction	79	9	125	27
	SFA		-9	-125	-27
Insurance, pension, and standardized guarantee schemes	Stock	0	0	0	0
	Transaction	10	-4	1	0
	SFA		4	-1	0
Other accounts receivable	Stock	399	433	449	447
	Transaction	70	150	26	114
	SFA		-116	-10	-117

Appendix III. Comparison of Consolidated General Government GFS between STATS SA and SARB, 2021/22

Comparison of Consolidated GG GFS between Statistics SA and SARB, 2020/21

	R million	Statistics SA	SARB	Differences
	Revenue cash flows	1564	**1826**	**262**
11	Taxes	1364	1379	15
12	Social contributions	27	27	0
13	Grants	2	2	-1
14	Other receipts	171	419	248
	Expense cash flows for operating activities:	**1983**	**2217**	**235**
21	Compensation of employees	765	802	36
22	Purchases of goods and services	358	512	154
23	Consumption of fixed capital	0	0	0
24	Interest	247	250	3
25	Subsidies	26	22	-4
26	Grants	71	63	-8
27	Social benefits	335	338	3
28	Other payments	180	230	50
	Net cash flow from operating activities:	***-419***	***-391***	***28***
	Cash flows from investments in non-financial assets:	**-1**	**113**	**114**
	Net cash inflow from financing activities:	*662*	**630**	*-32*
	NET CHANGE IN THE STOCK OF CASH	**123**	**69**	-54

Appendix IV. GFS Data for Road Accident Fund 2018-19 to 2021-22 (cash and accrual basis)

		Accrual Basis		Cash Basis		Accrual Basis*	
R million		*2018-19*	*2019-20*	*2018-19*	*2019-20*	*2020-21*	*2021-22*
1	**Revenue**	**43,239,323**	**41,240,480**	**41,990,522**	**42,699,184**	**42,248,516**	**48,154,678**
11	Taxes	0	0	0	0	0	0
12	Social contributions	0	0	0	0	0	0
13	Grants	43,138,770	41,177,671	41,890,191	42,632,836	42,088,592	47,931,888
14	Other receipts	100,553	62,809	100,331	66,348	159,924	222,790
2	**Expense**	**99,018,733**	**100,864,358**	**42,575,156**	**42,231,756**	**40,464,724**	**47,756,820**
21	Compensation of employees	1,735,302	1,752,737	1,735,302	1,752,737	1,941,244	2,103,544
22	Purchases of goods and services	515,183	534,456	733,891	679,912	530,020	531,316
23	Consumption of fixed capital	50,527	52,258	0	0	49,719	44,836
24	Interest	291,126	236,803	291,126	236,803	62,273	119,089
25	Subsidies	0	0	0	0	0	0
26	Grants	0	0	0	0	0	0
27	Social benefits	96,404,834	98,264,139	39,793,076	39,538,609	37,877,447	44,952,695
28	Other payments	21,761	23,965	21,761	23,695	4,021	5,340
31	**Net investments in non-financial assets**		-26,099	**-74,553**	**-23,704**		6,861
NLB	**Net Lending / Net Borrowing**	**-55,779,410**	**-59,597,779**	**-510,081**	**491,132**	**1,783,792**	**390,997**

Source: RAF Annual Reports for 2019-20 and 2021-22 and Mission Calculations

* New accounting basis