8

# Financial position of public-sector institutions

**In brief**

- In 2021/22, state-owned companies made limited progress in their reforms. Eskom registered its transmission business as a subsidiary.
- Over the past 12 months, a number of state-owned companies have missed their capital investment and loan disbursement targets. The COVID-19 pandemic and associated lockdowns reduced operational income and slowed restructuring plans, further affecting unsustainable business models that often require state intervention.
- The National Treasury will publish a framework outlining the criteria for funding state-owned companies to manage this significant area of fiscal risk.
- The financial positions of the Unemployment Insurance Fund and Compensation Fund are strong and set to improve over the medium term, but these are offset by the persistently large liabilities of the Road Accident Fund. By 2024/25, combined social security fund liabilities are projected to be R305.5 billion larger than assets.

## Overview

The operational and financial health of many state-owned companies continues to decline. Over the past 12 months, several have missed their capital investment and loan disbursement targets. A number of these companies do not have sustainable business models and cannot continue to operate or honour their obligations without state support, draining scarce resources from social and economic programmes.

Investors have increasingly expressed an unwillingness to extend capital to such entities without government guarantees, leaving many state-owned companies at risk of defaulting on their debts. At the same time, the COVID-19 pandemic and associated lockdowns have reduced operational income and slowed restructuring plans.

**A new framework for funding state-owned companies**

To reduce their demands on limited public resources, state-owned companies need to develop and implement sustainable turnaround plans that align with their mandates, incorporate long-term structural considerations in their sectors and identify appropriate funding models. The Presidential State-Owned Enterprises Council is developing a new approach to government's management of these companies: some will be retained, while others may be disposed of or consolidated. The future of state-owned companies will be informed by the value they create and whether they can be run in a sustainable manner.

During 2022/23, the National Treasury will publish a framework outlining the criteria for government funding of state-owned companies. Government will guide and support credible restructuring plans. Guaranteed debt continues to have the full backing of government.

This chapter reviews the financial position of major state-owned companies, along with those of the development finance institutions, the social security funds and other public entities.

## State-owned companies

Companies listed in Schedule 2 of the Public Finance Management Act (1999), referred to as major public entities, are intended to operate as sustainable businesses that generate profits and can borrow on the strength of their own balance sheets. These companies have extensive borrowing powers compared with other public entities.

The financial position of major state-owned companies remains under pressure. Table 8.1 summarises the sharp decline in their ability to generate returns. In 2020/21, most of these companies deferred their capital investment projects to preserve cash to meet short-term obligations. This resulted in a 6.2 per cent decline in their consolidated asset base. Supplemented by government equity injections, total liabilities – consisting mainly of borrowings – decreased by 11.2 per cent, reaching R853.4 billion in 2020/21. Consequently, the higher reduction in liabilities resulted in a 7.4 per cent increase in net asset value.

**Table 8.1 Combined balance sheets of state-owned companies[1]**

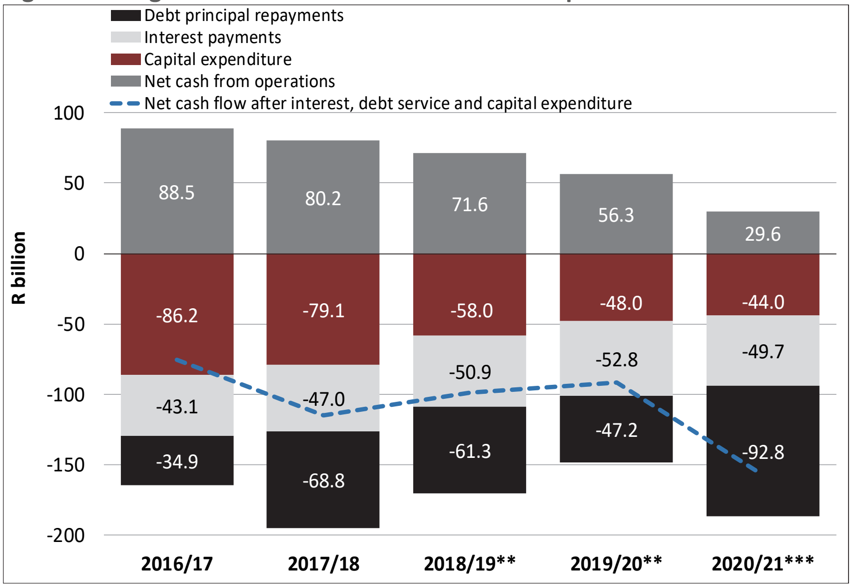
| R billion/per cent growth | 2016/17 | 2017/18 | 2018/19[2] | 2019/20[2] | 2020/21[3] |
|---|---|---|---|---|---|
| Total assets | 1 224.3 | 1 263.2 | 1 276.8 | 1 313.4 | 1 232.1 |
| | *3.9%* | *3.2%* | *0.5%* | *2.9%* | *-6.2%* |
| Total liabilities | 870.3 | 901.1 | 933.0 | 960.7 | 853.4 |
| | *6.4%* | *3.5%* | *2.9%* | *3.0%* | *-11.2%* |
| Net asset value | 354.0 | 362.1 | 343.8 | 352.7 | 378.7 |
| | *-1.8%* | *2.3%* | *-5.5%* | *2.6%* | *7.4%* |
| Return on equity (average) | *0.7%* | *-0.8%* | *-8.0%* | *-9.8%* | *-14.6%* |

*1. State-owned companies listed in schedule 2 of the PFMA, excluding development finance institutions*
*2. Numbers may differ from earlier publications due to prior years restatements in the 2020/21 audited financial stataments*
*3. Delayed release of audited financial statements, therefore unaudited financials or last quarter reports for 2020/21 were used*
*Source: National Treasury*

Average return on equity – used to gauge efficiency in generating profits – has deteriorated to negative 14.6 per cent. Burdensome cost structures, mainly consisting of high debt-service costs and employee compensation, continue to hinder profitability. A sharp decline in revenue growth due to subdued demand during the pandemic further weakened returns.

Figure 8.1 shows a continuous decline in the combined cash flow of major state-owned companies over the past five years. Falling profitability led to a 47.4 per cent decrease in net cash from operations, from R56.3 billion in 2019/20 to R29.6 billion in 2020/21. Capital expenditure continues to decline as companies delay and underspend on infrastructure projects.

**Figure 8.1 Negative cash flows at state-owned companies***



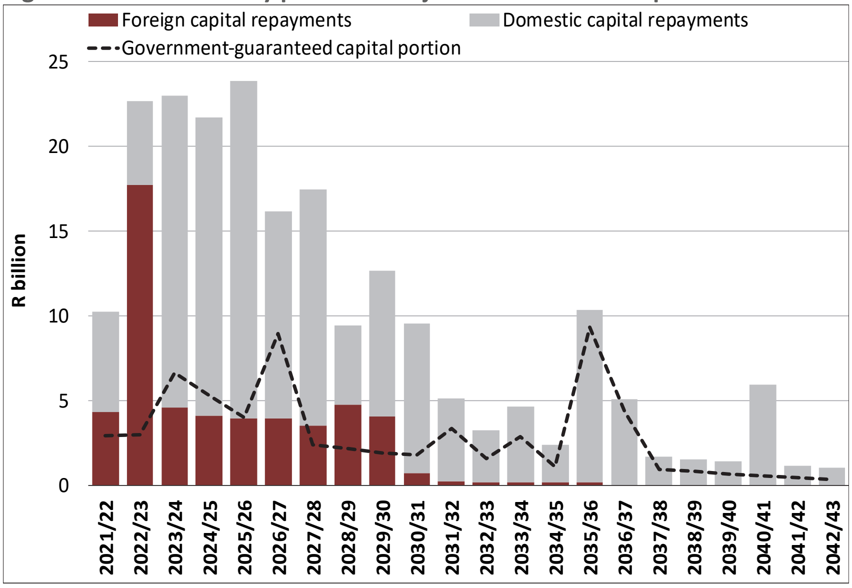

**State-owned companies listed in PFMA schedule, excluding development finance institutions*
***Numbers may differ from earlier publications due to restatement or error*
****Delayed release of audited financial statements from some companies; therefore, unaudited financials or last quarter reports for 2020/21 were used*
*Source: National Treasury*

Infrastructure spending has nearly halved, from R86.2 billion in 2016/17 to R44 billion in 2020/21. Interest payments fell marginally from R52.8 billion in 2019/20 to R49.7 billion in 2020/21, mainly because Eskom reduced its debt obligations with government's equity support. Insufficient revenue collection and high operating costs continue to reduce the cash available to fund continuing business operations. Net cash available after servicing obligations declined by 47.9 per cent to R32.3 billion in 2020/21. Inadequate cash reserves increase the pressure to fund shortfalls from borrowing, which is an unsustainable position.

### Debt obligations

Excluding Eskom, total debt maturing over the next three years is expected to amount to R67.4 billion, of which 22 per cent or R14.9 billion is guaranteed by government. Table 8.2 shows the borrowing requirement of selected state-owned companies. In 2020/21, these companies managed to raise R38 billion or 68 per cent of their budgeted borrowings (R56.1 billion), of which 49 per cent was attributable to Eskom. Eskom remains the largest borrower over the medium term, with planned debt funding equating to 58 per cent of the total between 2022/23 and 2024/25.

**Figure 8.2 Debt maturity profile of major state-owned companies***




**Airports Company South Africa, Denel, South African National Roads Agency Limited, South African Airways, Transnet and Trans-Caledon Tunnel Authority. Eskom has been excluded because it has not submitted its maturity profile.*
*Source: National Treasury*

**Table 8.2 Borrowing requirement of selected state-owned companies[1]**

| | 2019/20 | | 2020/21 | | 2021/22 | 2022/23 | 2023/24 | 2024/25[2] |
|---|---|---|---|---|---|---|---|---|
| **R billion** | **Budget** | **Outcome** | **Budget** | **Outcome** | **Revised** | **Medium-term estimates[3]** | | |
| **Domestic loans (gross)** | **46.6** | **55.6** | **34.0** | **23.6** | **25.8** | **30.7** | **19.4** | **9.5** |
| Short-term | 13.2 | 14.8 | 7.3 | 11.5 | 6.0 | 5.6 | 3.6 | 3.6 |
| Long-term | 33.4 | 40.8 | 26.7 | 12.1 | 19.8 | 25.1 | 15.8 | 5.9 |
| **Foreign loans (gross)** | **37.7** | **11.0** | **22.1** | **14.4** | **24.6** | **22.0** | **20.8** | **16.5** |
| Long-term | 37.7 | 11.0 | 22.1 | 14.4 | 24.6 | 22.0 | 20.8 | 16.5 |
| **Total** | **84.3** | **66.6** | **56.1** | **38.0** | **50.4** | **52.7** | **40.2** | **26.0** |
| Percentage of total: | | | | | | | | |
| *Domestic loans* | *55.3%* | *83.5%* | *60.6%* | *62.1%* | *51.2%* | *58.2%* | *48.3%* | *36.4%* |
| *Foreign loans* | *44.7%* | *16.5%* | *39.4%* | *37.9%* | *48.8%* | *41.8%* | *51.7%* | *63.6%* |

*1. ACSA, Eskom, South African National Roads Agency Limited, SAA, Transnet, Trans-Caledon Tunnel Authority and Denel*
*2. Trans-Caledon Tunnel Authority did not provide forecast for 2024/25*
*3. ACSA, SAA and SANRAL have been excluded as no forecasts were provided*
*Source: National Treasury*

### Denel

Denel cannot meet its obligations as they fall due. In the current financial year, government has allocated the military and aerospace equipment manufacturer R3 billion through section 70(2)(b) of the Public Finance Management Act to cover capital and interest payments on guaranteed debt. Broader alignment is required between the Department of Defence, the Department of Public Enterprises, the National Treasury and other relevant stakeholders to agree on Denel's future. This will enable Denel to implement its strategic plan to consolidate operations, dispose of non-core assets and move ahead with identified strategic equity partnerships.

### Eskom

Eskom continues to rely on government guarantees and equity injections to finance its operations. The electricity availability factor fell from 66.7 to

64.2 per cent in the year to 31 March 2021, with power cuts continuing. Delayed and inadequate maintenance has resulted in deteriorating and unreliable performance, leading to higher maintenance costs. The Eskom Board cancelled its Short-Term Power Purchasers Programme – which aims to procure power from existing facilities with excess capacity, enabled through short-term contracts – because the regulator granted approval for cost recovery for only one of the three years applied for. This increased Eskom's financial risk due to tariff uncertainty. Eskom continues to focus on improving generation performance and reducing load-shedding.

By 31 March 2021, Eskom had used R281.6 billion of its R350 billion government guarantee facility, with another R7 billion committed. As Eskom redeems some of its maturing debt, it creates space within the limits of the facility. Taking into account redemptions over the period, the Minister of Finance approved a special dispensation to allow the utility to access additional guaranteed debt of R42 billion in 2021/22 and R25 billion in 2022/23, which is still within these limits. Meanwhile, government has provided Eskom with equity support of R31.7 billion in 2021/22.

Although Eskom has registered its transmission unit as a subsidiary with the Companies and Intellectual Property Commission, it missed its deadline of 31 December 2021 to complete the legal separation of this unit, in part because lenders have not yet approved the proposed restructuring. The generation and distribution entities are expected to complete legal separation by 31 December 2022. Eskom has prepared financial statements for the three entities and has applied to the regulator for a transmission licence.

### SASRIA

SASRIA provides short-term insurance for risks such as public disorder, strikes, riots and terrorism. It has paid dividends to government in all but two years since 1999/2000. These dividends, generated from its surpluses, amounted to R12.8 billion. The outbreak of public violence and looting in July 2021 led to a large number of claims totalling R32 billion. SASRIA was unable to meet its payment obligations from its available cash reserves, investments and reinsurance coverage.

To help settle claims and ensure that the insurer has sufficient capital to meet regulatory requirements, government has allocated R22 billion to SASRIA in the current financial year. This includes R3.9 billion through the Second Special Appropriation Act (2021), R11 billion through the 2021 adjustments budget and R7.1 billion allocated through section 16 of the Public Finance Management Act, which is used to respond to unforeseen and unavoidable circumstances. To strengthen its ability to respond to risks without relying on government, SASRIA will increase premium prices, review reinsurance arrangements and explore ways to increase its client base.

### South African Airways

In the 2020 *Budget Review*, R16.4 billion was set aside for SAA over the 2020 medium-term expenditure framework period to settle state-guaranteed debt and interest costs. To date, government has paid R14.6 billion of this amount, with the remaining R1.8 billion to be paid in 2022/23. In addition, the 2020 *Medium Term Budget Policy Statement* allocated R10.5 billion to SAA in 2020/21 for the implementation of the business rescue plan. The Department of Public Enterprises aims to finalise the partial sale of SAA to an identified strategic equity partner in early 2022. The carrier commenced scheduled flights in September 2021, in line with plans for a conservative re-entry into the domestic and regional markets. It intends to introduce long-haul routes in the second half of 2022.

#### South African Broadcasting Corporation

The SABC's losses grew from R511.4 million in 2019/20 to R530.2 million in 2020/21. The COVID-19 lockdown led to a significant drop in advertising spending and revenue. As part of making the company financially sustainable, the SABC has retrenched employees and revised its advertising sales model. Interim financial reports show marginal increases in revenues, associated with the easing of lockdown restrictions.

#### Transnet

Transnet, the state rail and ports operator, reported a net loss of R8.3 billion in 2020/21, down from a restated net profit of R2.9 billion in the prior year. Restrictions on economic activity associated with COVID-19 affected rail, port and pipeline sales. Rail volumes also suffered from cable theft, power failures, vandalism, adverse weather and derailments. The bulk and container terminals operated at reduced capacity during the initial lockdown. Pipeline volumes were lower than the prior year due to travel restrictions and the impact of fuel theft.

## Development finance institutions

Development finance institutions contribute to government's efforts to accelerate inclusive economic growth in a financially sustainable manner. They continue to mitigate the effects of the economic slowdown by investing in small and emerging businesses, and supporting various sectors.

Trading conditions were difficult in 2020/21 due to continuing pandemic restrictions. Overall, funding approvals declined significantly as many clients faced major disruptions to their plans. Following credit rating downgrades and high levels of uncertainty in financial markets, borrowing capacity declined and funding costs increased. In addition, the Land Bank is still working with its lenders to remedy its default.

**Table 8.3 Financial position of selected development finance institutions[1]**

| R billion | 2016/17 | 2017/18 | 2018/19 | 2019/20[2] | 2020/21 |
|---|---|---|---|---|---|
| Total assets | 213.5 | 226.2 | 234.1 | 210.1 | 243.8 |
| Total liabilities | 93.2 | 99.7 | 101.6 | 112.3 | 118.6 |
| **Net asset value** | **120.3** | **126.4** | **132.5** | **97.8** | **125.2** |

*1. Includes the Development Bank of Southern Africa and Industrial Development Corporation*
*Land Bank has been excluded due to delays in concluding the integrated report*
*2. Numbers may differ from earlier publications due to restatement or error*
*Source: National Treasury*

Table 8.3 summarises the financial position of major development finance institutions, excluding the Land Bank. The combined net asset value increased to R125.2 billion in 2020/21, mainly as a result of the recovery in asset valuations due to the easing of lockdown restrictions.

**Development Bank of Southern Africa**

The DBSA funds large-scale infrastructure projects. In 2020/21, its financing improved access to water, sanitation and electricity for over 129 000 households, and over 100 000 households benefited from rehabilitated roads.

During 2020/21, the DBSA approved new loans amounting to R14.4 billion, significantly less than the R39.7 billion in 2018/19 and R31.5 billion in 2019/20. The decline is attributed to the effect of COVID-19 on the economy, coupled with the DBSA's higher cost of borrowing. Funding costs rose after the sovereign credit rating downgrades in 2020, and the impact of the Land Bank default. Disbursements amounted to R13.5 billion, relative to R15.4 billion in 2019/20. Net profit for 2020/21 recovered to R1.4 billion (2019/20: R0.5 billion), mainly as a result of lower impairment losses of R1.2 billion (2020: R3.6 billion).

**Industrial Development Corporation**

The IDC finances industrial development and contributes to economic integration across the continent. The pandemic resulted in the corporation recognising significant impairments and write-offs on its investments at the end of 2019/20. Downgrades to the sovereign credit rating resulted in reduced borrowing capacity and higher borrowing costs. In 2020/21, new funding of R6.5 billion (2019/20: R15.1 billion) was approved and R6.3 billion (2019/20: R11.7 billion) was disbursed to clients. Over the same period, the IDC provided financial assistance by deferring capital and interest payments to the value of R778 million, restructuring existing loans and providing funding for financially distressed clients at lenient terms.

The group includes the IDC and related entities. Excluding subsidiaries and associated companies, the IDC reported a net profit of R3.2 billion (2019/20: loss of R3.1 billion), due to a recovery in the listed portfolio and reduced impairments compared to the prior year. The continued poor performance of other components of the group resulted in net losses of R33 million (2019/20: loss of R3.8 billion).

**Land Bank**

The Land Bank, which provides loans to the agricultural sector, remains in financial distress after defaulting on its debt in 2020/21. Since then, the Land Bank has reduced its debt by 29 per cent, from R40.6 billion to R29.2 billion, through capital repayments. The Auditor-General cited inadequate internal controls in the 2019/20 audit report. The 2020/21 audit noted improvements, but did not result in a clean audit given insufficient evidence relating to disbursements and repayments on certain loans. The Auditor-General noted that the proposed solution to remedy the default was still in progress, casting doubt on the Land Bank's ability to continue operations.

In addition to R3 billion allocated through the 2020 adjustments budget, the 2021 Budget announced conditional allocations of R5 billion to the Land Bank in 2021/22 and R1 billion in each of the two subsequent years. Due to delays in concluding negotiations with lenders, the R5 billion transfer to the Land Bank is unlikely to materialise in 2021/22. The 2022/23 fiscal framework makes provision in the contingency reserve for a R5 billion conditional allocation to the Land Bank.

### Development finance borrowing requirement

The development finance institutions borrow to finance lending in line with their mandates. The three institutions had planned to borrow R23 billion in 2020/21, and by 31 March 2021 they had borrowed a combined R43.7 billion. The DBSA borrowed more than planned due to favourable funding terms from multilateral finance institutions and other lenders. Gross borrowing is expected to total R21.1 billion in 2022/23 and decrease to R14.8 billion in 2023/24. The DBSA accounts for most of this borrowing.

**Table 8.4 Borrowing requirement for development finance institutions[1]**

| | 2019/20 | | 2020/21 | | 2021/22 | 2022/23 | 2023/24 |
|---|---|---|---|---|---|---|---|
| **R billion** | **Budget** | **Outcome** | **Budget** | **Outcome** | **Revised** | **Medium-term estimates[2]** | |
| **Domestic loans (gross)** | **39.8** | **53.9** | **16.6** | **17.7** | **12.4** | **14.7** | **10.4** |
| Short-term | 20.3 | 35.5 | 2.5 | 10.4 | 3.1 | 6.4 | 4.4 |
| Long-term | 19.5 | 18.5 | 14.1 | 7.3 | 9.3 | 8.3 | 6.1 |
| **Foreign loans (gross)** | **18.0** | **16.8** | **6.4** | **26.0** | **7.3** | **6.4** | **4.4** |
| Long-term | 18.0 | 16.8 | 6.4 | 26.0 | 7.3 | 6.4 | 4.4 |
| **Total** | **57.8** | **70.7** | **23.0** | **43.7** | **19.7** | **21.1** | **14.8** |
| Percentage of total: | | | | | | | |
| *Domestic loans* | *68.8%* | *76.3%* | *72.2%* | *40.6%* | *63.1%* | *69.6%* | *70.4%* |
| *Foreign loans* | *31.2%* | *23.7%* | *27.8%* | *59.4%* | *36.9%* | *30.4%* | *29.6%* |

*1. Land Bank, Development Bank of Southern Africa and Industrial Development Corporation*
*2. Land Bank has been excluded as no forecasts were provided for the medium-term financial years*
*Source: National Treasury*

## Social security funds

Social security funds provide compensation or income support for unemployed workers and people involved in road and workplace accidents. Over the medium term, the funds are projected to collect R233.2 billion in contributions and pay out R182.5 billion in benefits.

**Table 8.5 Financial position of social security funds**

| | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|---|---|---|---|---|---|---|---|
| **R billion** | | **Outcome** | | **Estimate** | | **Medium-term estimates** | |
| **Unemployment Insurance Fund** | | | | | | | |
| Total assets | 165.4 | 153.9 | 119.4 | 131.5 | 140.7 | 147.1 | 153.7 |
| Total liabilities | 10.5 | 19.1 | 23.4 | 48.7 | 26.2 | 19.9 | 20.8 |
| Net asset value | 154.9 | 134.8 | 96.0 | 82.8 | 114.5 | 127.1 | 132.9 |
| **Compensation Fund[1]** | | | | | | | |
| Total assets | 75.4 | 74.9 | 90.7 | 94.3 | 98.0 | 101.8 | 105.9 |
| Total liabilities | 47.7 | 44.2 | 49.3 | 51.3 | 53.3 | 55.3 | 57.5 |
| Net asset value | 27.6 | 30.7 | 41.4 | 43.0 | 44.7 | 46.5 | 48.3 |
| **Road Accident Fund** | | | | | | | |
| Total assets | 11.2 | 10.7 | 15.7 | 20.9 | 26.4 | 43.1 | 66.5 |
| Total liabilities | 273.3 | 332.6 | 374.6 | 424.9 | 469.5 | 529.6 | 553.2 |
| Net asset value | -262.1 | -321.9 | -358.9 | -404.0 | -443.2 | -486.5 | -486.8 |

*1. Compensation Commissioner for Occupational Diseases in Mines and Works*
*Source: National Treasury*

Collectively, the funds held R225.7 billion in assets and R447.2 billion in liabilities in 2020/21. The Unemployment Insurance Fund (UIF) accounts for 52.9 per cent or R119.4 billion of the assets, and the Road Accident Fund (RAF) accounts for 83.7 per cent or R374.6 billion of the liabilities. The financial positions of the UIF and Compensation Fund are expected to improve over the medium term, driven by higher contributions and lower benefit payouts. These gains are offset by the RAF's increasing liabilities.

In 2020/21, the funds had a combined deficit of R45.1 billion. Over the medium term the funds expect an average combined surplus of R6.6 billion per year. Detailed income and expenditure data for the social security funds is published in the *Estimates of National Expenditure*.

**Unemployment Insurance Fund**

The UIF provides short-term benefits to qualifying workers who are out of work due to retrenchment, illness, or adoption or maternity leave. In 2020/21, it established the Temporary Employee/Employer Relief Scheme to support workers and firms affected by the COVID-19 pandemic. This scheme has paid out R61.5 billion in relief to about 5 million workers. The fund also introduced a benefit for workers affected by public violence in KwaZulu-Natal and Gauteng in July 2021, paying R10.1 million to about 2 700 affected workers by the end of January 2022.

Projected benefit payments are set to decrease from R40.7 billion in 2021/22 to R23.3 billion in 2024/25 as temporary COVID-19 relief winds down. The fund will incur an average annual cash deficit of R8.6 billion over the medium term due to higher benefit payments arising from the Unemployment Insurance Amendment Act (2017), which came into effect in 2019/20, exceeding the contributions received. Net asset value is expected to grow to R132.9 billion in 2024/25 due to an increase in technical reserves to cover outstanding or potential future payments.

**Compensation Fund**

The Compensation Fund provides compensation to employees for disablement or death caused by occupational injuries or diseases. In 2020/21, it paid out R4.2 billion in benefits and ran a surplus of R2.2 billion. Contributions are projected to grow from R9.9 billion in 2021/22 to R11.1 billion in 2024/25. The Fund's net asset value is expected to grow from R43 billion in 2021/22 to R48.3 billion in 2024/25. Over the medium term, the fund aims to strengthen its contribution to the social security net by rehabilitating, reintegrating and returning to work employees who suffered from occupational injuries and diseases.

**Road Accident Fund**

The RAF compensates road users for losses or damages caused by motor vehicle accidents. It receives its revenue from the RAF levy. The fuel levy remains unchanged in 2022/23; however, due to expected growth in fuel sales volumes, revenue is expected to increase at an average annual rate of 1.3 per cent, from R44.7 billion in 2021/22 to R46.5 billion in 2024/25.

Over the medium term, the RAF aims to scale up the use of annuity rather than lump-sum payments to settle loss-of-income claims. This will result in a moderation in the payment of claims to match the Fund's pay-as-you-go principle. Accordingly, benefits paid out are expected to remain stable at an average growth rate of 0.02 per cent, from R49.2 billion in 2021/22 to R49.3 billion in 2024/25, over the next three years. The accumulated deficit grows by an annual average rate of 6.4 per cent, from R404 billion in 2021/22 to R486.8 billion in 2024/25.

## Government Employees Pension Fund

The GEPF is a defined benefit pension fund for government employees. It paid benefits to 1 265 406 active members and 479 483 pensioners and beneficiaries as at 31 March 2021. The total number of active members decreased from 1 269 161 in 2019/20 to 1 265 406 in 2020/21 due to attrition. The GEPF continues to be well funded and financially sound. Total benefits paid for all claims amounted to R110.6 billion in 2020/21 compared with R110.5 billion in the prior year. At the end of March 2021, the GEPF had a net cash flow position of R34 billion.

**Table 8.6 Selected income and expenditure of GEPF**

| R billion | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | | |
| Employer contributions | 18.7 | 20.3 | 21.7 | 23.4 | 25.1 | 26.9 | 28.6 | 28.7 |
| Employee contributions | 33.5 | 36.1 | 38.6 | 42.1 | 45.3 | 48.2 | 51.7 | 52.8 |
| Investment income[1] | 57.7 | 64.1 | 73.4 | 73.7 | 77.3 | 84.8 | 88.6 | 82.1 |
| **Expenditure** | | | | | | | | |
| Benefits paid | 57.9 | 85.8 | 83.1 | 88.3 | 94.9 | 102.5 | 110.5 | 110.6 |

*1. Dividends on listed equities, interest on bonds and money market instruments and income from unlisted properties and unlisted investments excludes adjustments for value of financial assets*
*Source: Government Pensions Administration Agency*

The Public Investment Corporation invests the excess funds accumulated by the GEPF and the social security funds. At end-March 2021, it managed R2.34 trillion in assets (2019/20: R1.9 trillion).

**Table 8.7 Breakdown of assets under management by PIC, 2020/21**

| R billion | Government Employees Pension Fund | Unemployment Insurance Fund | Compensation Fund[1] | Other | Total |
|---|---|---|---|---|---|
| **Asset class** | | | | | |
| Equity | 1 224.6 | 38.3 | 19.3 | 0.4 | 1 282.6 |
| Bonds | 675.9 | 36.5 | 46.9 | 13.6 | 773.1 |
| Money market | 45.0 | 23.8 | 12.5 | 39.2 | 120.5 |
| Property | 79.9 | 3.0 | 0.8 | 0.3 | 84.1 |
| Unlisted investments | 62.8 | 14.3 | 2.6 | – | 79.6 |
| **Total** | **2 088.2** | **116.0** | **82.2** | **53.5** | **2 339.9** |

*1. Includes the Compensation Pension Fund*
*Source: Public Investment Corporation and National Treasury*

## Conclusion

Government continues to monitor the financial health of public entities and manage associated risks. During 2022/23, a new funding framework for state-owned companies will be introduced.