
Financial statistics of consolidated general government 2010/2011

Stats SA publishes many statistics on the different role-players in the economy. One of the largest economic units in the country is the government that is traditionally seen to be divided into three levels, national, provincial and local government.

Recently, a publication focusing on the expenditure of consolidated general government for the 2010/2011 fiscal year was released. The financial statistics of consolidated general government is the publication based on the Government Finance Statistics (GFS) 2001 manual requirements as prescribed by International Monetary Fund (IMF) of the United Nations. The publication provides a clearer picture of the state of finances in the form of aggregate cash flow statement of all levels of general government.

Financial statistics of consolidated general government figures were compiled from the published financial statistical releases: national government (published in June 2012); extra-budgetary accounts (published in August 2012); provincial government (published in September 2012); higher education institutions (published in October 2012); and municipalities (information is obtained directly from the local government component in Stats SA). All transactions between these levels of the general government are eliminated. The transactions eliminated include grants between different levels of government, professional and special services payments between levels of government and compulsory payments to other levels of government.

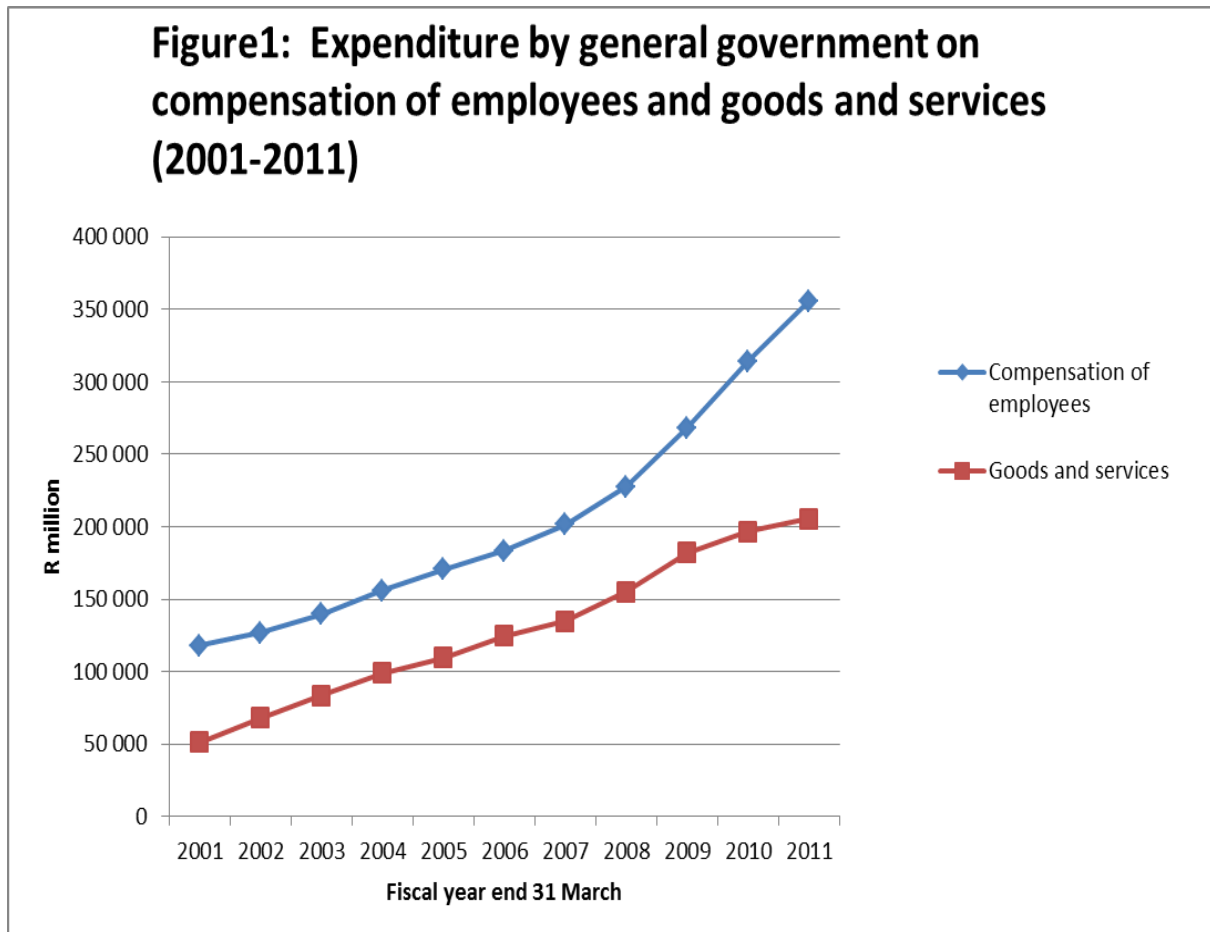
General government revenue comprises mainly of taxes which are collected at national government level. The funds received are then disbursed towards operating activities (mainly payments for compensation of employees and purchases of goods and services and purchases of non-financial assets) for the purpose of providing general government services

Transactions are classified in terms of an economic classification and a functional classification. Economic classification is a measure of the nature and economic effect of government operations on the economy of the country. Seven main economically classified cash payments for operating activities categories exist and these are compensation of employees; purchases of goods and services; interest; subsidies; grants; social benefits; and other payments. The functional classification measures the purpose for which transactions are undertaken.

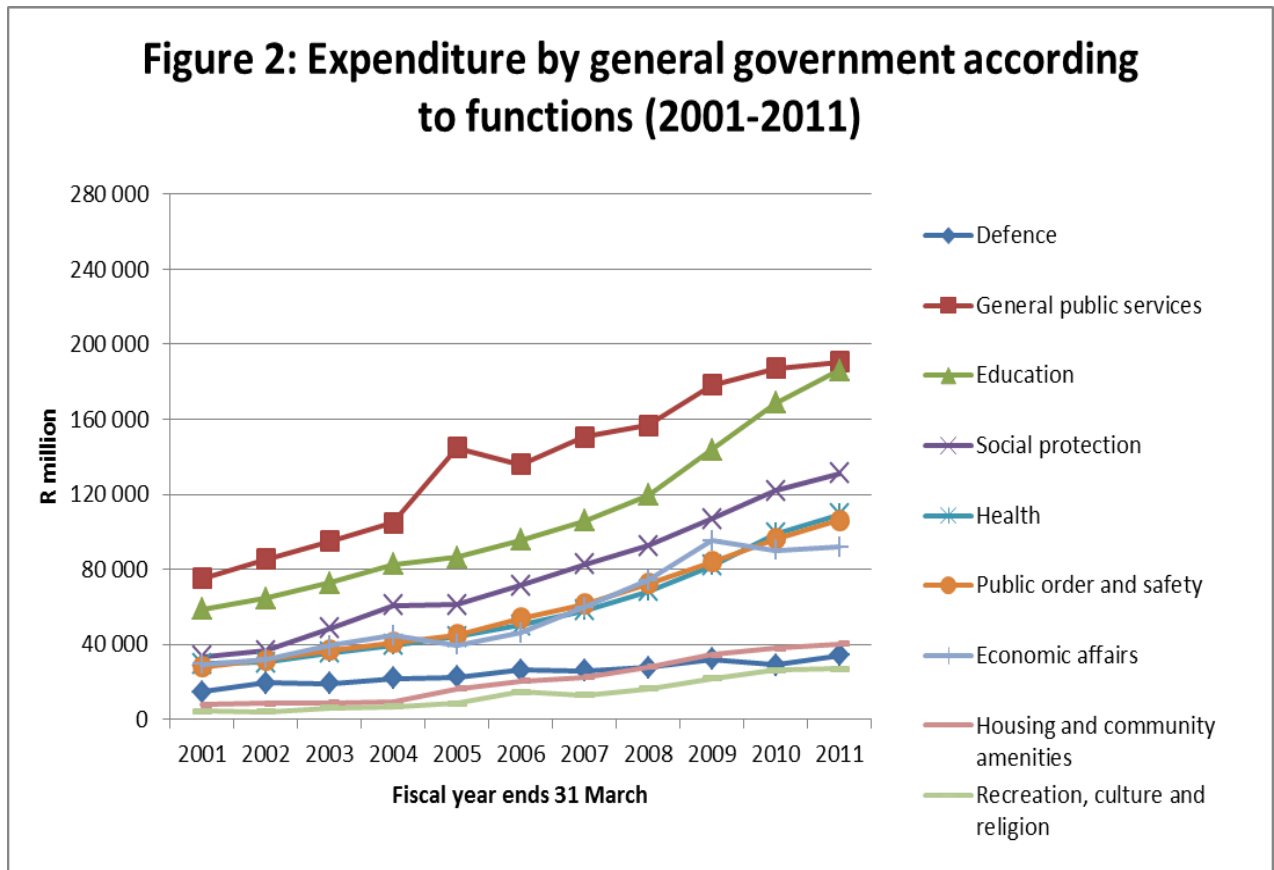
What do all these classifications tell us about the expenditure of consolidated general government? Taking the economic perspective, we note that the net change in the stock of cash for consolidated general government amounted to a cash surplus to R39 823 million for the 2010/2011 fiscal year. The major contributors to R39 823 million of consolidated net change in the stock of cash from the general government sector for the fiscal year 2010/2011 are the cash receipts from operating activities, R821 524 million (2009/2010: R733 958 million); cash payments

for operating activities, R838 932 million, (2009/2010: R773 331 million); purchases of non-financial assets, R85 882 million, (2009/2010: R90 006 million); sales of non-financial assets, R1 152 million (2009/2010: R804 million); net acquisition of financial assets other than cash, R40 207 million (2009/2010: R47 468 million); and net incurrence of liabilities, R182 168 million (2009/2010: R234 074 million).

Looking at the same set of transactions, but classified according to its function, a different picture emerges. The largest contributors to R924 814 million were total general public services (R190 688 million and contributing 20,6%), followed by education (R186 145 million or 20,1%), social protection (R131 283 million or 14,2%), health (R109 405 million or 11,8%), total public order and safety (R106 339 million or 11,5%), total economic affairs (R91 912 million or 9,9%), housing and community amenities (R40 367 million or 4,4%), defence (R34 116 million or 3,7%), recreation, culture and religion (R27 205 million or 2,9%) and environmental protection (R7 355 million or 0,8%).

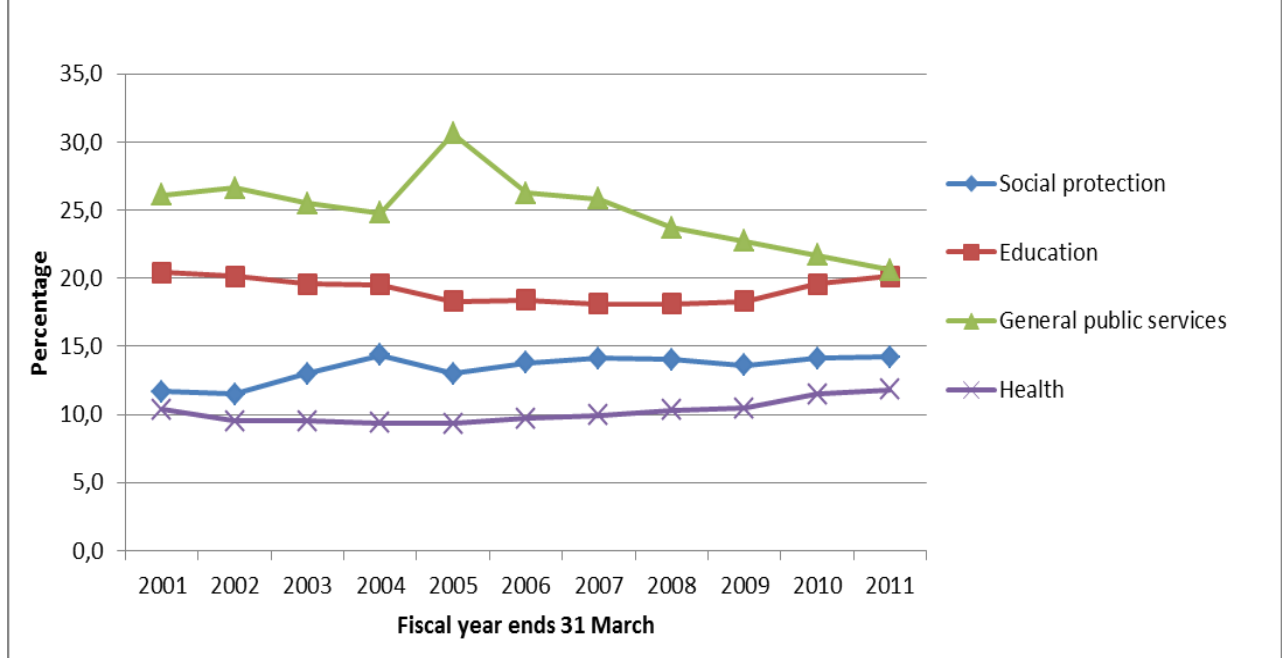


Total cash payments for operating activities and purchases of non-financial assets by the general government has increased from R228 428 million to R924 814 million from 2000/2001 to 2010/2011 fiscal years. Spending on goods and services increased from R51 329 million to R205 473 million (an increase of 300,3%) and compensation of employees increased from R117 939 million to R355 612 million (an increase of 201,5%) during the same period (see Figure 1).



At first glance it may look like spending on general public services and spending on education have increased by higher percentages than other functions over the last eleven years. However, this may be deceptive. Taking a closer look, we see these functions started at a higher base. Doing the calculations, general public services and education have increased by 153,1% and 216,1% respectively. Social protection and housing and amenities increased on average by 290,1% and 410,7% respectively. Using semi-logarithmic scaled graph, the relative increases would have been reflected more clearly from viewing the graph (see Figure 2).

Figure 3: Spending by general government on education, health, social protection and general public services: Percentage of total expenditure (2001 - 2011)



Spending on general public services decreased in relation to social spending over the last eleven years (see Figure 3).

Data source: Financial statistics of consolidated general government (P9119.4), obtainable from the Stats SA website: www.statssa.gov.za

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