



**Statistics
South Africa**

Preferred supplier of quality statistics



Statistical release

P9103.1

Financial statistics of higher education institutions 2006

**Embargoed until:
11 October 2007
08:00**

Enquiries:

Sydney Mbowane
012 310 2161 or
info@statssa.gov.za

Forthcoming issue:

Financial statistics of
higher education
institutions, 2007

Expected release date

15 October 2008

Statistics South Africa • Mbalo-mbalo ya Afrika Tshipembe • Tinhlayo-tiko ta Afrika-Dzonga • Dipalopalo tsa Aforika Borwa • Ezezibalo zaseNingizimu Afrika
Dipalopalo tša Afrika Borwa • Dipalopalo tsa Afrika Borwa • Ubalo lwaseMzantsi Afrika • Telubalo eNingizimu Afrika • iNanimbalo leSewula Afrika • Statistiek Suid-Afrika

email: info@statssa.gov.za
www: www.statssa.gov.za

170 Andries Street • Private Bag X44, 0001 Pretoria, South Africa
Tel: +27(12) 310 8911, Fax: +27(12) 321 7381

Contents	Page
Tables	
Table A Economic classification of statement of sources and uses of cash of higher education institutions for the 2005 and 2006 financial years (Summary).....	4
Table B Economic classification of the cash payments for purchases of non-financial assets of higher education institutions for the 2005 and 2006 financial years (Summary).....	5
Notes	6
Explanatory notes	7
Glossary	11
General information	12

KEY FINDINGS

NET CHANGE IN THE STOCK OF CASH FROM THE HIGHER EDUCATION INSTITUTIONS AMOUNTED TO AN INCREASE OF R900 MILLION FOR THE 2006 FINANCIAL YEAR

Cash receipts from operating activities amounted to R26 925 million and cash payments for operating activities amounted to R21 316 million resulting in net cash inflow from operating activities of R5 609 million for the financial year ended 31 December 2006. Purchases of non-financial assets amounted to R1 557 million for 2006. Sales of non-financial assets amounted to R37 million for the 2006 financial year resulting in net cash outflow from investments in non-financial assets of R1 520 million. Net acquisition of financial assets other than cash amounted to R3 091 million for the 2006 financial year. Net incurrence of liabilities amounted to R98 million resulting in net cash outflow from financing activities of R3 189 million for the 2006 financial year. Total net change in the stock of cash for higher education institutions amounted to an increase of R900 million (see Table A, p. 4).

Economic classification of the cash payments for operating activities and purchases of non-financial assets of higher education institutions received

Economic classification of expenditure is in general a measure of the nature and economic effect of government operations on the economy of a country. Seven main economically classified cash payments for operating activities categories are: Compensation of employees; purchases of goods and services; interest; subsidies; grants; social benefits; and other payments.

In contrast to national departments, which keep their accounts on a cash basis, the accounts of the higher education institutions are kept on an accrual basis, i.e. the payments are recorded in the period to which the transactions relate and surpluses, deficits, assets and liabilities resulting from these transactions are carried over to the next fiscal year. However, the figures in this statistical release have been converted from accrual to cash basis.

Purchases of non-financial assets include cash payments for fixed assets (buildings and structures, machinery and equipment and other fixed assets), inventories (strategic stocks), valuables and non-produced assets (land, sub-soil assets, other naturally occurring assets and intangible non-produced assets).

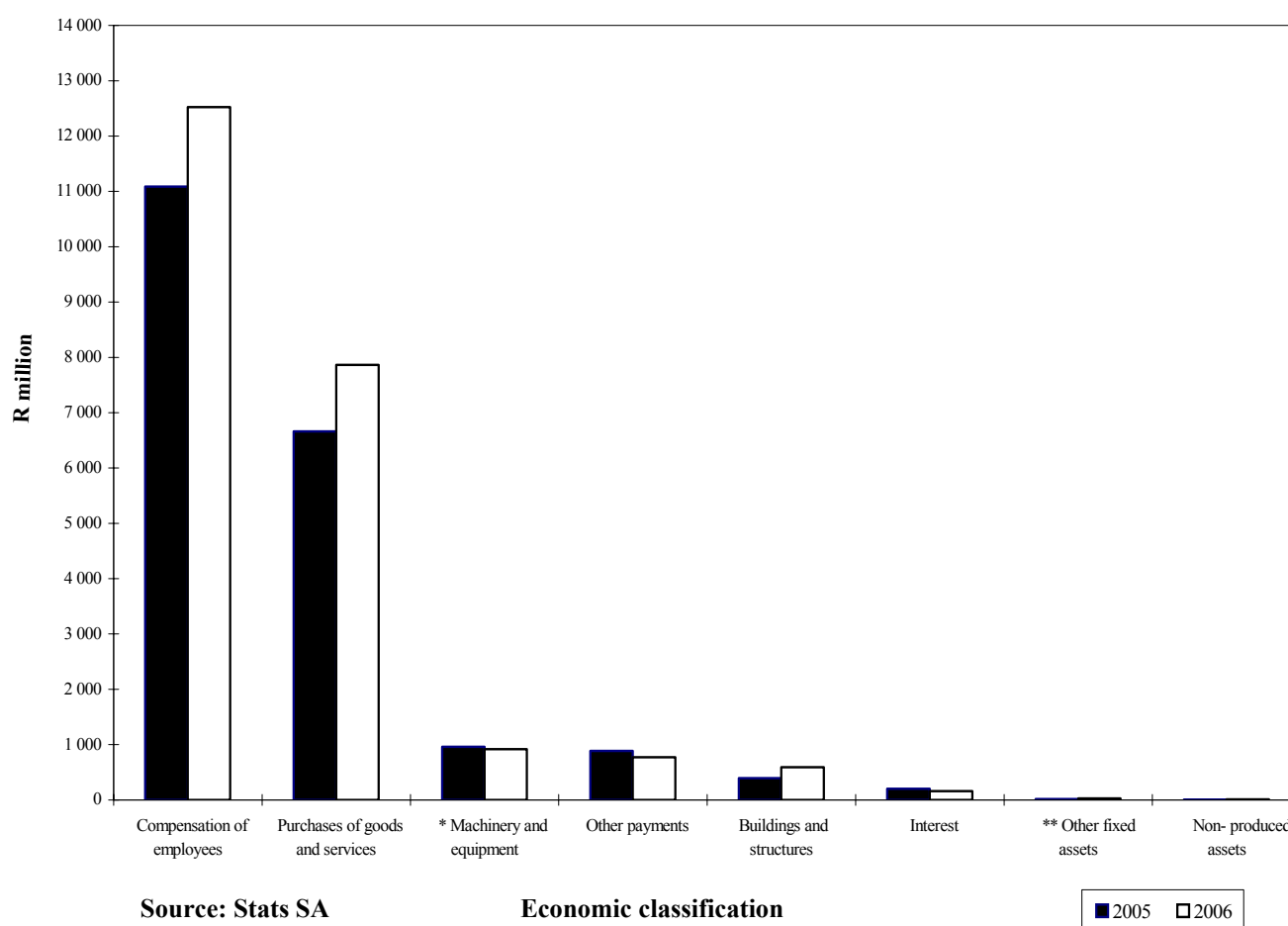
The contribution of cash receipts from operating activities, cash payments for operating activities and purchases of non-financial assets to total expenditure by economic classification

The largest contributor to total cash receipts from operating activities (economically classified) was other receipts (R15 888 million) which mainly consists of tuition fees, followed by grants (R11 021 million) and taxes (R16 million) for the 2006 financial year (see Table A, p.4).

The largest contributor to the total cash payments for operating activities (economically classified) for the 2006 financial year was compensation of employees (R12 524 million), followed by purchases of goods and services (R7 865 million), other payments (R770 million), and interest (R157 million) (see Table A, p.4).

The largest contributor to purchases of non-financial assets was machinery and equipment (R917 million) followed by buildings and structures (R591 million), other fixed assets (R26 million), non-produced assets (R10 million) and inventories (R9 million) (see Table B, p.5).

Figure 1 - Economic classification of the cash payments for operating activities and purchases of non-financial assets for the 2005 and 2006 financial years¹



* Machinery and equipment include vehicles, computers, furniture, books and other machinery and equipment

** Other fixed assets include intangible assets

¹ The classification of 2005 and 2006 data from accrual to cash, and the mergers between institutions, means that these two years are not necessarily comparable.

Table A – Economic classification of statement of sources and uses of cash of higher education institutions for the 2005 and 2006 financial years (Summary)¹

		2005	2006
		R million ²	R million ²
Cash flows from operating activities:			
Cash receipts from operating activities:	a	24 499*	26 925
Taxes		7*	16
Social contributions		0	0
Grants		10 333*	11 021
Other receipts		14 159*	15 888
Cash payments for operating activities:	b	18 834*	21 316
Compensation of employees		11 089*	12 524
Purchases of goods and services		6 661*	7 865
Interest		200*	157
Subsidies		0	0
Grants		0	0
Social benefits		0	0
Other payments		884*	770
<i>Net cash flow from operating activities (outflow) / inflow</i>	(a-b) = c	5 665*	5 609
Expenses not regarded as cash transactions (memo item)	d	0	0
Cash flows from investments in non-financial assets:			
Purchases of non-financial assets:	e	1 399*	1 557
Fixed assets		1 376*	1 536
Inventories		17*	9
Valuables		0	2
Non-produced assets		6*	10
Sales of non-financial assets:	f	80*	37
Fixed assets		72*	36
Inventories		0	0
Valuables		0	1
Non-produced assets		8*	0
<i>Net cash flow from investments in non-financial assets inflow / (outflow)</i>	(f-e) = g	-1 319*	-1 520
CASH SURPLUS/(DEFICIT)	(c+g) = h	4 346*	4 089
Cash flows from financing activities:			
Net acquisition of financial assets other than cash: (inflow) / outflow	i	2 411*	3 091
Domestic		2 299*	2 870
Foreign		112*	221
Net incurrence of liabilities: (outflow) / inflow	j	-275*	-98
Domestic		-275*	-98
Foreign		0	0
<i>Net cash flow from financing activities (outflow) / inflow</i>	(j-i) = k	-2 686*	-3 189
NET CHANGE IN THE STOCK OF CASH	(h+k) = l	1 660*	900

¹ The sum of the data may not necessarily add up to totals due to rounding-off of figures.

* The figures have been revised.

² Included in the total cash payments for operating activities are the amounts for research undertaken by higher education institutions which was to the value of R1 665 million in 2006.

Table B – Economic classification of the cash payments for purchases of non-financial assets of higher education institutions for the 2005 and 2006 financial years (Summary) ¹

		2005	2006
		R million	R million
Purchases of non-financial assets:	(n + r + s + t) = m	1 399*	1 557
Fixed assets:	(o + p + q) = n	1 376*	1 536
Buildings and structures:	o	396*	591
Residential buildings		49*	18
Non-residential buildings		319*	245
Other constructions		28*	328
Machinery and equipment:	p	961*	917
Vehicles		28*	37
Computer equipment		231*	241
Furniture		315*	364
Other machinery and equipment		183*	148
Books		204*	127
Other fixed assets:	q	19	26
Intangible assets		19	26
Inventories	r	17*	9
Valuables	s	0	2
Non-produced assets	t	6*	10

¹ The sum of the data may not necessarily add up to totals due to rounding-off of figures

* The figures have been revised

Notes

Forthcoming issues	Issue	Expected release date
	Financial statistics of higher education institutions for the financial year ending 31 December 2007	15 October 2008
Purpose of this statistical release	This statistical release provides financial statistics of cash transactions of higher education institutions. Cash payments for operating activities and purchases of non-financial assets for the 2006 financial year were converted from accrual basis of accounting to cash basis of accounting and were classified economically and functionally.	
Expected changes in the next issue	No changes are expected.	

PJ Lehohla
Statistician-General

Explanatory notes

Introduction

1. This statistical release provides cash transactions of higher education institutions for the 2006 financial year, which ended on 31 December.

Scope of the financial statistics of higher education institutions

2. The cash payments of the following higher education institutions are included in the tables:

Universities

- 1) Nelson Mandela Metropolitan University
- 2) North-West University
- 3) Rhodes University
- 4) Stellenbosch University
- 5) University of Cape Town
- 6) University of Fort Hare
- 7) University of the Free State
- 8) University of Johannesburg
- 9) University of KwaZulu-Natal
- 10) University of Limpopo
- 11) University of Pretoria
- 12) University of South Africa
- 13) University of Venda
- 14) University of the Western Cape
- 15) University of the Witwatersrand (Wits)
- 16) University of Zululand

Universities of Technology

- 17) Cape Peninsula University of Technology
- 18) Central University of Technology, Free State
- 19) Durban University of Technology
- 20) Tshwane University of Technology
- 21) Vaal University of Technology
- 22) Walter Sisulu University for Technology and Science

Technikon

- 23) Mangosuthu Technikon

Restructuring of the higher education landscape

3. In November 2003, the Cabinet approved proposals for the restructuring of the institutional landscape through mergers and incorporations.

It should be noted that the mergers indicated below took place in January and July 2005. Therefore, the ongoing restructuring process will result in 21 higher education institutions.

- University of the North and Medical University of South Africa (merged to form University of Limpopo)
- University of Port Elizabeth and Port Elizabeth Technikon (merged to form Nelson Mandela Metropolitan University)
- Rand Afrikaans University and Technikon Witwatersrand (merged to form University of Johannesburg)
- Cape Technikon and Peninsula Technikon (merged to form Cape Peninsula University of Technology)
- University of Transkei, Border Technikon and the Eastern Cape Technikon (merged to form Walter Sisulu University for Technology and Science, Eastern Cape with effect from July 2005).

Methodology

4. Statistics South Africa receives financial statements of higher education institutions annually from the Department of Education. However, the figures in this statistical release have been converted from accrual basis of accounting to cash basis of accounting. Financial statements were received for all 23 institutions.

Missing or incomplete information was supplemented through telephonic liaison with the relevant universities, universities of technology and a technikon as far as possible.

5. The tables contain only the consolidated information of all the higher education institutions. Stats SA does not receive separate information for hostels and trust funds in order to exclude the information from the tables.
6. The expenditure on land and buildings by government departments (as a direct liability against their votes) on behalf of certain higher education institutions is not included in the tables

Comparability with the previous year

7. For the first time this statistical release includes comparative figures of the previous year (2005) for cash receipts from operating activities, cash payments for operating activities, purchases of non-financial assets, cash flows from sales of non-financial assets, net acquisition of financial assets other than cash, and net incurrence of liabilities. The classification of 2005 and 2006 data from accrual to cash, and the mergers between institutions, means that these two years are not necessarily comparable.

Classification

8. Economic classification

Transactions in this statistical release are classified economically according to the standard classifications of the 2001 Manual on Government Finance Statistics (GFS) of the International Monetary Fund.

Economic classification is in general a measure of the nature and economic effect of government operations on the economy of the country.

Cash receipts and cash payments for operating activities and purchases of non-financial assets, sale of non-financial assets, net acquisition of financial assets other than cash and net incurrence of liabilities were classified economically as follows:

- **Cash receipts from operating activities**

Taxes
Social contributions
Grants
Other receipts

- **Cash payments for operating activities**

Compensation of employees (excluding capitalised remuneration)
Purchases of goods and services
Interest
Subsidies
Grants
Social benefits
Other payments

- **Purchases of non-financial assets (including capitalised remuneration)**

Fixed assets
Inventories
Valuables
Non-produced assets

- **Sales of non-financial assets**

Fixed assets
Inventories
Valuables
Non-produced assets

- **Net acquisition of financial assets other than cash**

Domestic
Foreign

- **Net incurrence of liabilities**

Domestic
Foreign

Related publications

9. Stats SA also publishes statistical releases on the expenditure of the other levels of the general government:

P9101 *Capital expenditure by the public sector*

P9102 *Financial statistics of extra-budgetary accounts and funds*

P9114 *Financial census of municipalities*

P9119.3 *Financial statistics of national government*

P9119.4 *Financial statistics of consolidated general government*

P9121 *Financial statistics of provincial government*

Symbols and abbreviations

10. GAAP Generally Accepted Accounting Practice
GFS Government Finance Statistics 2001
HEI Higher Education Institutions
SNA System of National Accounts 1993
Stats SA Statistics South Africa
- Nil or not applicable

Glossary

Accrual basis of recording	Accrual basis of recording means that flows are recorded at the time economic value is created, transformed, exchanged, transferred, or extinguished.
Books	Include library books and periodicals.
Cash basis of recording	Cash basis of recording means that transactions are captured when cash is received or when cash payments are made.
Compensation of employees	Compensation of employees primarily includes salaries, wages, service and other bonuses, allowances (including car allowances), retirement benefits, contributions to medical, insurance and pension funds, compensation in respect of examinations and housing subsidies.
Economic classification	Economic classification is a measure of the nature and economic effect of government operations on the economy of the country. For example, when supplying non-market goods and services to the community, a government unit may produce the goods and services itself and distribute them, purchase them from a third party and distribute them, or transfer cash to households so they can purchase the goods and services directly. The economic classification identifies the types of expense incurred for these activities.
Households	Households may be defined as individuals or a small group of persons who share the same living accommodation (bursaries to students are regarded as other payments: current transfers to households).
Machinery and equipment	Machinery and equipment are divided into vehicles, computer equipment, books, furniture and other machinery and equipment.
Non-residential buildings	Non-residential buildings include clinics, hospitals, offices and office blocks, warehouses, laboratories, workshops and lecture halls.
Other constructions	Other constructions include sport fields, roads and fences.
Purchases of goods and services	Purchases of goods and services include purchases of all other goods and services, except remuneration of employees, for current activities. In accordance with the recommendations of the 1993 System of National Accounts (SNA) these kinds of expenditure exclude capital expenditure relating to office, school, and household furniture and equipment.
Residential buildings	Residential buildings are buildings that are used entirely or primarily as residences and include student houses, flats, hostels and nursing homes.
Subsidies	Subsidies are current unrequited payments that general government pays to enterprises on the basis of the quantities or values of the goods and services, which they produce, sell or import.
Technikon/ Universities of technology	Means any technikon/ university of technology established, deemed to be established or declared as a technikon/ university of technology under the higher education act, (Act no. 101 of 1997).
Universities	Universities mean any university established, deemed to be established or declared as a university under the Higher Education Act, (Act no. 101 of 1997).

General information

Stats SA publishes approximately 300 different releases each year. It is not economically viable to produce them in more than one of South Africa's eleven official languages. Since the releases are used extensively, not only locally but also by international economic and social-scientific communities, hence Stats SA releases are published in English only.

Stats SA has copyright on this publication. Users may apply the information as they wish, provided that they acknowledge Stats SA as the source of the basic data wherever they process, apply, utilise, publish or distribute the data; and also that they specify that the relevant application and analyses (where applicable) result from their own processing of the data.

Advance release calendar

An advance release calendar is disseminated on www.statssa.gov.za

Stats SA products

A complete set of Stats SA publications is available at Stats SA Library and the following libraries:

National Library of South Africa, Pretoria Division
National Library of South Africa, Cape Town Division
Natal Society Library, Pietermaritzburg
Library of Parliament, Cape Town
Bloemfontein Public Library
Johannesburg Public Library
Eastern Cape Library Services, King William's Town
Central Regional Library, Polokwane
Central Reference Library, Nelspruit
Central Reference Collection, Kimberley
Central Reference Library, Mmabatho

Stats SA also provides a subscription service.

Electronic services

A large range of data are available via on-line services, diskette and computer printouts. For more details about our electronic data services, contact 012 310 8600 / 8390 / 8351 / 4892 / 8496 / 8095.

You can visit us on the Internet at: www.statssa.gov.za

Enquiries

Telephone number:	012 310 8600/ 8095 / 8390 / 8351 / 4892 / 8496 (User Information Services) 012 310 2161 / 8977 (technical enquiries) 012 310 8161 (orders) 012 310 4883 / 4885 / 8018 (library)
Fax number:	012 321 6741 (technical enquiries)
email address:	SydneyM@statssa.gov.za (technical enquiries) ElizabethMo@statssa.gov.za info@statssa.gov.za (User Information Services) distribution@statssa.gov.za (orders)
Postal address:	Private Bag X44, Pretoria, 0001

Produced by Stats SA