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Statistical release

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Financial statistics of higher education institutions 2008

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Key findings

Net change in the stock of cash of higher education institutions amounted to R2 170 million for the 2008 financial year

Cash receipts from operating activities amounted to R33 620 million and cash payments for operating activities amounted to R29 303 million, resulting in a net cash inflow from operating activities of R4 317 million for the financial year ended 31 December 2008. Purchases of non-financial assets amounted to R3 034 million for the 2008 financial. Sales of non-financial assets amounted to R28 million for the 2008 financial year, resulting in a net cash outflow from investments in non-financial assets of R3 006 million. The net acquisition of financial assets other than cash amounted to -R758 million for the 2008 financial year. The net incurrence of liabilities amounted to R101 million, resulting in a net cash inflow from financing activities of R859 million for the 2008 financial year. The total net change in the stock of cash from higher education institutions amounted to R2 170 million for the 2008 financial year (see Table A, p.4).

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

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 activity categories exist and these 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 of recording, the accounts of higher education institutions are kept on an accrual basis of recording, 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 an accrual basis of recording to a cash basis of recording.

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

The contribution of cash receipts from operating activities, and the contribution of cash payments for operating activities and purchases of non-financial assets economically classified

Cash receipts from operating activities increased by 11,3% from R30 217 million in 2007 to R33 620 million in 2008, mainly due to the increase in other receipts.

The largest contributor to total cash receipts from operating activities for the 2008 financial year was other receipts (R19 130 million), followed by grants (R14 436 million) and taxes (R54 million) (see Table A, p.4).

The increase of 390,9% in cash receipts of taxes from R11 million in 2007 to R54 million in 2008 was mainly due to the increase in foreign exchange gain received by the Stellenbosch University.

Grants received increased by 11,6% from R12 934 million in 2007 to R14 436 million in 2008 mainly due to the increase in transfers from the Department of Higher Education and Training to the University of Pretoria and the Cape Peninsula University of Technology.

Other receipts increased by 10,8% from R17 272 million in 2007 to R19 130 million in 2008 mainly due to the increase in the sales of goods and services by the University of Witwatersrand and the University of Cape Town.

Cash payments for operating activities increased by 22,0% from R24 012 million in 2007 to R29 303 million in 2008, mainly due to the increase in purchases of goods and services.

The largest contributor to the total cash payments for operating activities (economically classified) for the 2008 financial year was compensation of employees (R14 809 million), followed by purchases of goods and services (R13 608 million), other payments (R706 million), and interest (R180 million) (see Table A, p.4).

The increase of 44,3% in purchases of goods and services from R9 432 million in 2007 to R13 608 million in 2008 was mainly due to increased cash payments by the Cape Peninsula University of Technology, the University of Pretoria and Stellenbosch University.

The increase of 24,1% in interest from R145 million in 2007 to R180 million in 2008 was mainly due to increased interest payments by the University of Kwa-Zulu Natal.

The increase of 8,1% in compensation of employees from R13 695 million in 2007 to R14 809 million in 2008 was mainly due to increased cash payments by the University of Witwatersrand, the University of Cape Town and Cape Peninsula University of Technology.

The decrease of 4,6% in other payments from R740 million in 2007 to R706 million in 2008 was mainly due to the decrease in cash payments by the University of South Africa, the University of Pretoria and the North West University.

The largest contributor to purchases of non-financial assets was buildings and structures (R1 657 million), followed by machinery and equipment (R1 248 million), valuables (R56 million), other fixed assets (R45 million) and inventories (R27 million) for the 2008 financial year (see Table B, p.6).

The increase of 30,5% in purchases of non-financial assets from R2 325 million in 2007 to R3 034 million in 2008 was mainly due to increased spending by the University of South Africa and the University of the Western Cape on non- residential buildings.

Table A – Economic classification of statement of sources and uses of cash of higher education institutions for the 2007 and 2008 financial years (Summary) ¹

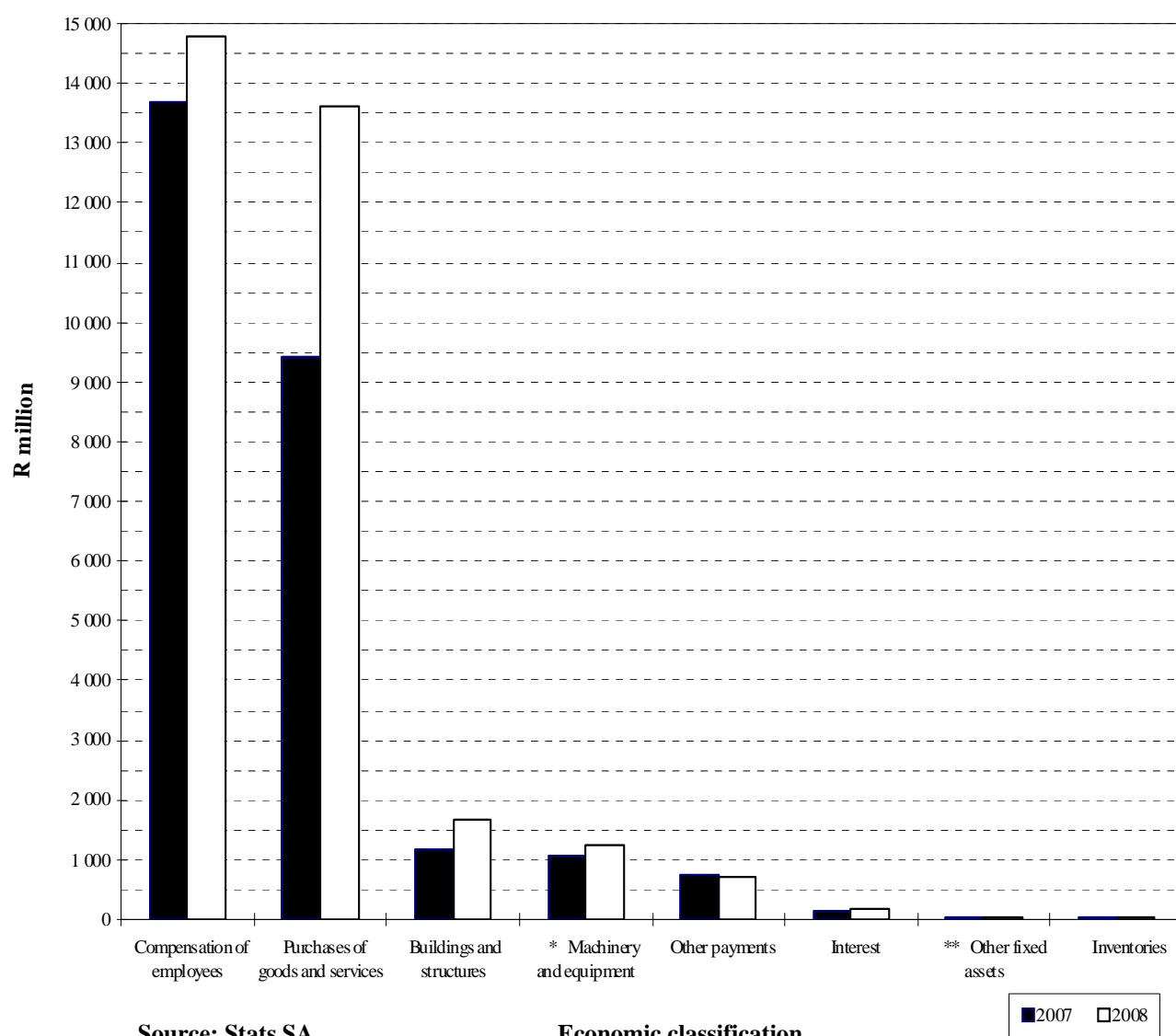
GFS'01 codes	Economic classification of sources and uses of cash	2007	2008	Annual percentage change
		R million ²	R million ²	%
	Cash flows from operating activities:			
	Cash receipts from operating activities a	30 217	33 620	11,3
11	Taxes	11	54	390,9
12	Social contributions	0	0	0,0
13	Grants	12 934*	14 436	11,6
14	Other receipts	17 272*	19 130	10,8
	Cash payments for operating activities b	24 012	29 303	22,0
21	Compensation of employees	13 695	14 809	8,1
22	Purchases of goods and services	9 432	13 608	44,3
24	Interest	145	180	24,1
25	Subsidies	0	0	0,0
26	Grants	0	0	0,0
27	Social benefits	0	0	0,0
28	Other payments	740	706	-4,6
	<i>Net cash flow from operating activities: (outflow)/ inflow (a-b)=c</i>	6 205	4 317	-30,4
	Cash flows from investments in non-financial assets:			
	Purchases of non-financial assets d	2 325	3 034	30,5
611	Fixed assets	2 286*	2 950	29,0
612	Inventories	27*	27	0,0
613	Valuables	12	56	366,7
614	Non-produced assets	0	1	
	Sales of non-financial assets e	88	28	-68,2
311	Fixed assets	88	28	-68,2
312	Inventories	0	0	0,0
313	Valuables	0	0	0,0
314	Non-produced assets	0	0	0,0
	<i>Net cash flow from investments in non-financial assets: (outflow)/ inflow (e-d)=f</i>	-2 237	-3 006	
	CASH SURPLUS/ (DEFICIT) (c+f)=g	3 968	1 311	
	Cash flows from financing activities:			
	Net acquisition of financial assets other than cash:			
	cash outflow/ (inflow) h	2 640	-758	
321	Domestic	2 481	-755	
322	Foreign	159	-3	
	Net incurrence of liabilities: cash (outflow)/ inflow i	152	101	
331	Domestic	152	101	
332	Foreign	0	0	
	<i>Net cash flow from financing activities: (outflow)/ inflow (i-h)=j</i>	-2 488	859	
99999	NET CHANGE IN THE STOCK OF CASH (g+j)=k	1 480	2 170	

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

² Included in the total cash payments for operating activities are the amount for research undertaken by higher education institutions which was to the value of R2 003 million in 2008.

* Revised.

Figure 1 – Economic classification of the cash payments for operating activities and purchases of non-financial assets for the 2007 and 2008 financial years



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

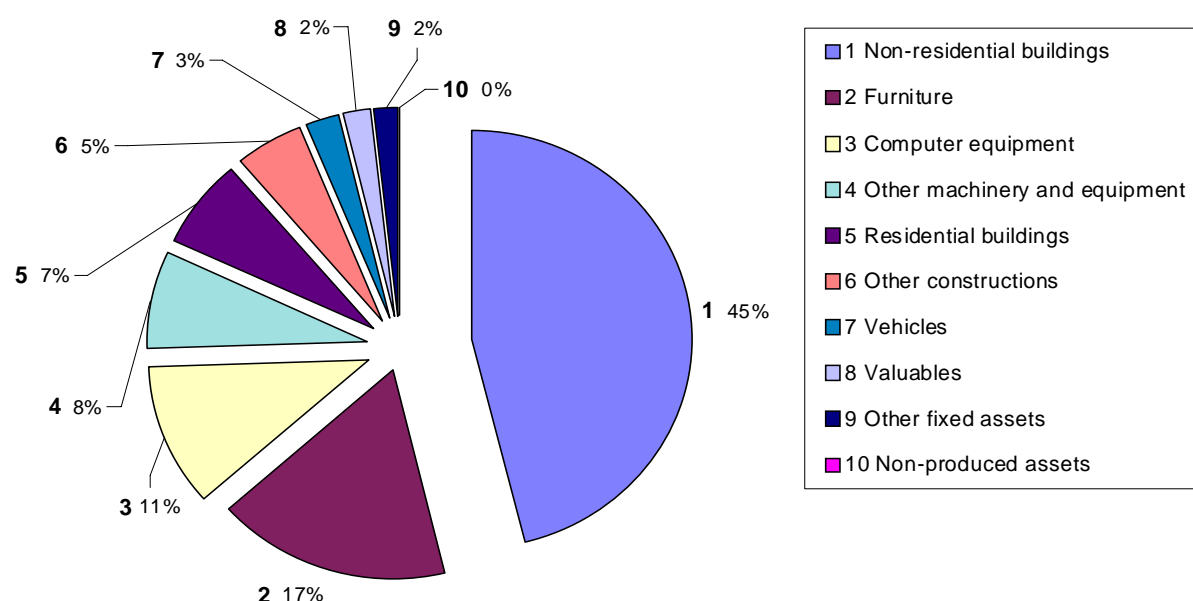
** Other fixed assets include intangible assets

Table B – Economic classification of cash payments for purchases of non-financial assets of higher education institutions for the 2007 and 2008 financial years

GFS'01 codes	Cash payments for purchases of non-financial assets		2007	2008	Annual percentage change
			R million ¹	R million ¹	%
	Purchases of non-financial assets:	(m + q + r + s) = l	2 325	3 034	30,5
611	Fixed assets:	(n + o + p) = m	2 286*	2 950	29,0
6111	Buildings and structures:	n	1 178*	1 657	40,7
61111	Residential buildings		42	195	364,3
61112	Non-residential buildings		1 060*	1 319	24,4
61113	Other structures		76	143	88,2
6112	Machinery and equipment:	o	1 069	1 248	16,7
61121	Vehicles		43	76	76,7
61122	Computer equipment		270	318	17,8
61124	Furniture		435	493	13,3
61125	Other machinery and equipment		175	219	25,1
61126	Books		146	142	-2,7
6113	Other fixed assets:	p	39	45	15,4
61132	Intangible assets		39	45	15,4
612	Inventories	q	27*	27	0,0
613	Valuables	r	12	56	366,7
614	Non-produced assets	s	0	1	

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

* Revised.

Figure 2 – Economic classification of the cash payments for purchases of non-financial assets for the 2008 fiscal year

Notes

Forthcoming issues	Issue	Expected release date
	Financial statistics of higher education institutions for the financial year ending 31 December 2009	14 October 2010
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 2008 financial year were converted from an accrual basis of recording to a cash basis of recording and were classified economically and functionally.	
Expected changes in the next issue	No changes are expected.	

P J Lehohla
Statistician-General

Explanatory notes

Introduction

- 1 This statistical release provides cash transactions of higher education institutions for the 2008 financial year, which ended on 31 December 2008, and revised figures for the 2007 financial year.

Scope of the financial statistics of higher education institutions

2. The cash payments transactions of the following higher education institutions have been classified economically and functionally:

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
- 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) Mangosuthu University of Technology
- 21) Tshwane University of Technology
- 22) Vaal University of Technology
- 23) Walter Sisulu University for Technology and Science

National Plan for Higher Education

3. In February 2001, the Cabinet recommended the establishment of the National Institutes for Higher Education as an innovative feature of the new higher education institutional landscape.

The National Institutes for Higher Education constitute a new organisational entity, established in terms of the recommendations set out in the National Plan on Higher Education. The mandate is to facilitate the provision of higher education programmes in Mpumalanga and the Northern Cape provinces, respectively.

The National Institutes is not established as autonomous institutions that can provide higher education qualifications in their own name, but to provide higher education programmes through collaborative agreements with existing higher education institutions.

In other words, the model of the National Institutes is that of a new organisational form, which will facilitate and co-ordinate the provision of programmes in Northern Cape and Mpumalanga by existing higher education institutions.

Methodology

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

Missing or incomplete information was supplemented through telephonic communication with the relevant higher education institutions 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. This statistical release is comparable to the financial statistics of higher education institutions (2007) P9103.1 release published on 16 October 2008. This statistical release includes annual percentage change from the previous year (2007) for cash receipts from operating activities, cash payments for operating activities, purchases of non-financial assets and cash flows from sales of non-financial assets.

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:

P0441 *Gross Domestic Product;*
 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

GFS	Government Finance Statistics, 2001
IMF	International Monetary Fund
n.e.c	Not elsewhere classified
NPISH	Non-profit institutions serving households
R&D	Research and Development
RDP	Reconstruction and Development Programme
SA	South Africa
SARS	South African Revenue Service
SCOA	Standard Chart of Accounts
SITA	State Information Technology Agency
SNA	System of National Accounts, 1993
Stats SA	Statistics South Africa

Revisions

Revisions are due to certain transactions which were reclassified owing to better information becoming available from annual reports.

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.
Annual percentage change	The annual percentage change is the difference between the amount of a specific item for the current year and the previous year expressed as a percentage of the amount of the same item for the previous year.
Books	Include library books and periodicals.
Buildings and structures	Consist of dwellings, non-residential buildings and other structures.
Cash basis of recording	Cash basis of recording means that transactions are captured when cash is received or when cash payment is made.
Collective services	Collective services refer to the services provided collectively to the community and are particularly applicable to services such as general administration, public order and safety and economic services.
Compensation of employees	Compensation of employees is the total remuneration, in cash, payable to a government employee in return for work done during the accounting period, except for work connected with own account capital formation. It includes both wages and salaries and social contributions.
Cultivated assets	Consist of animals and plants that are used repeatedly or continuously for more than one year to produce other goods or services.
Dwellings	Buildings that are used entirely or primarily as residences, including garages and other associated structures. Houseboats, barges, mobile homes, flats, hostels, nursing homes and caravans that are used as principal residences are also included. Dwellings acquired for military personnel are included because they are used in the same way as dwellings acquired by civilians.
Economic classification	A measure of the nature and economic effect of government operations on the economy of the country.
Extra-budgetary accounts and funds	Accounts and funds of national and provincial governments not included in normal budget totals and which do not operate through normal budgetary procedures of national and provincial government e.g. trading accounts and general government accounts.
Financial assets	Financial assets consist of financial claims, monetary gold and Special Drawing Rights (SDRs) allocated by the International Monetary Fund (IMF).
Financial public corporations	Units primarily engaged in both incurring liabilities and acquiring financial assets in the market. Note: Financial institutions may be entirely or mainly owned and/or controlled by the government in which case they are regarded as public financial institutions. It is the prime function of public financial institutions to act as intermediaries.
Fixed assets	Fixed assets are produced assets that are used repeatedly or continuously in production processes for more than one year. Fixed assets are further classified as buildings and structures, machinery and equipment, and other fixed assets.

Functional classification	Functional classification of cash payments for operating activities and non-financial assets measures the purpose for which transactions are undertaken. It is generally used to measure the allocation of resources by government in order to promote various services and objectives rendered to the community.
GFS Manual (2001)	The manual describes a specialised macroeconomic statistical system (Government Finance Statistics system) designed to support fiscal analysis.
Government consumption expenditure	Expenditure on all goods and services, which are used (without further transformation in the production) by the government units for the direct satisfaction of individual needs or wants or the collective needs of members of the community.
Grants	Grants are non-compulsory current or capital transfers received by a government unit from either another government unit or an international organization.
Heritage assets	Assets that a government intends to preserve indefinitely because they have unique historic, cultural, educational, artistic or architectural significance.
Households	Household may be defined as individuals or a small group of persons who share the same living accommodation.
Individual services	Individual services refer to services rendered to individuals or a small group of persons. This category applies particularly to community and social services for example education, health and welfare.
Intangible fixed assets	Consist of mineral exploration; computer software; entertainment, literary and artistic originals; and miscellaneous other intangible fixed assets. To qualify as a fixed asset, the item must be intended for use in production for more than one year and its use must be restricted to the units that have established ownership rights over it or to units licensed by the owner.
Inventories	Inventories are goods and services held by producers for sale, use in production, or other use at a later date.
Liabilities	A present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.
Machinery and equipment	Machinery and equipment include motor vehicles, ships, aircraft, equipment and furniture. Military expenditure on machinery and equipment which could be used for civilian purposes is included.
Non-financial assets	Non-financial assets consist of fixed assets, inventories, valuables and non-produced assets.
Non-financial public corporations	Non-financial public corporations are government owned and/or controlled units, which sell industrial or commercial goods and services to the public on a large scale.
Non-produced assets	Non-produced assets consist of tangible assets, natural occurring assets over which ownership is enforced. Natural occurring assets include land, subsoil assets and other naturally occurring assets.
Non-profit institutions serving households (NPISH)	Non-profit institutions which are mainly engaged in non-market production and serve households.

Non-residential buildings	All buildings other than dwellings. Examples of types of buildings included in this category are office buildings, schools, prisons, hospitals, buildings for public entertainment, warehouse and industrial buildings, commercial buildings, hotels and restaurants.
Other fixed assets	Consist of cultivated assets and intangible fixed assets.
Other structures	All structures other than buildings. Included are the following: highways, streets, roads, bridges, elevated highways, tunnels, railways, subways, airfield runways, sewers, waterways, harbours, dams, other waterworks, shafts, tunnels, other structures associated with mining subsoil assets, communication lines, power lines, pipelines, outdoor sport and recreation facilities.
Social benefits	Social benefits are transfers in cash or in kind to protect the entire population or specific segment of it against certain social risks.
Social contributions	Social contributions are actual receipt from either employer on behalf of their employee or from employee, self-employed, or non-employed persons on their own behalf that secure entitlement to social benefits for their contributors, their dependents or their survivors.
Statutory appropriations	Statutory appropriations are amounts appropriated to be spent in terms of statutes and not requiring appropriation by vote.
Subsidies	Current unrequited payments that government units make to enterprises on the basis of levels of their production activities or the quantities or values of the goods and services that they produce, sell, export or import. Subsidies may be designed to influence levels of production, prices at which outputs are sold, or the remuneration of the enterprises.
Subsidies on production	Subsidies on production are payments which resident enterprises may receive as a consequence of engaging in production.
Subsidies on products	Current unrequited payments that government units make to enterprises on the basis of quantities or values of the goods and services that they produce, sell, export or import.
Transfers	A transaction is a transfer if one unit provides a good, service, asset or labour to a second unit without receiving simultaneously a good, service, asset or labour of any value in return.
Transport equipment	This consists of equipment for moving people and objects, including motor vehicles, trailers and semi trailers, ships, railway locomotives and rolling stock, aircraft, motorcycles and bicycles.
Universities of technology	Means any technikon or university of technology established, deemed to be established or declared as a technikon or university of technology under the Higher Education Act, 1997 (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, 1997 (Act No. 101 of 1997).
Valuables	Valuables are produced goods of considerable value acquired and held primarily as store of value and not used primarily for purposes of production or consumption.
Wages and salaries	Wages and salaries include primarily basic wages, salaries, services and other bonuses, allowances (including car allowances), overtime payments and housing subsidies.

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