

# Statistical release

## P9103.1

# Financial statistics of higher education institutions

## 2012

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**Enquiries:**

Francois Engelbrecht  
Tel: +27 12 310 8431

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## Key findings

### **Net change in the stock of cash from higher education institutions amounted to a cash surplus of R122 million for the 2012 financial year.**

Cash receipts from operating activities amounted to R48 430 million and cash payments for operating activities amounted to R41 169 million, resulting in a net cash inflow from operating activities of R7 261 million for the financial year ended 31 December 2012. Purchases of non-financial assets amounted to R5 080 million for the 2012 financial year. Sales of non-financial assets amounted to R153 million for the 2012 financial year, resulting in a net cash outflow from investments in non-financial assets of R4 927 million. The net acquisition of financial assets other than cash amounted to R2 256 million for the 2012 financial year. The net incurrence of liabilities amounted to R44 million, resulting in a net cash outflow from financing activities of R2 212 million for the 2012 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 financial 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 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).

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

Cash receipts from operating activities increased by R3 674 million from R44 756 million in 2011 to R48 430 million in 2012. This increase was mainly due to an increase in other receipts and grants received.

The largest contributor to total cash receipts from operating activities for the 2012 financial year was other receipts (R27 455 million), followed by grants (R20 969 million) and taxes (R6 million) (see Table A, p.4).

The increase of R2 315 million in other receipts from R25 140 million in 2011 to R27 455 million in 2012 was mainly due to increases in tuition fees and incidental sales by the University of Cape Town, North-West University and the University of Pretoria.

The increase of R1 367 million in grants received from R19 602 million in 2011 to R20 969 million in 2012 was mainly due to the increase in transfer payments from the Department of Higher Education and Training to the University of Johannesburg, the University of South Africa and capital transfer payments in respect of improvements to the infrastructure for the University of Zululand.

The decrease of R9 million in taxes from R15 million in 2011 to R6 million in 2012 was mainly due to the decrease in foreign exchange gains received by Stellenbosch University.

Cash payments for operating activities increased by R4 327 million from R36 842 million in 2011 to R41 169 million in 2012 mainly due to increases in compensation of employees and purchases of goods and services.

The largest contributor to total cash payments for operating activities for the 2012 financial year was compensation of employees (R23 181 million), followed by purchases of goods and services (R15 155 million), other payments (R2 241 million) and interest (R591 million).

The increase of R2 168 million in compensation of employees from R21 013 million in 2011 to R23 181 million in 2012 was mainly due to increased cash payments by the University of South Africa, the University of Cape Town and the University of Pretoria.

The increase of R1 841 million in purchases of goods and services from R13 314 million in 2011 to R15 155 million in 2012 was mainly due to increased cash payments by the Tshwane University of Technology, Stellenbosch University and the University of Cape Town.

The increase of R227 million in other payments from R2 014 million in 2011 to R2 241 million in 2012 was mainly due to increases in transfers to households by the University of KwaZulu-Natal, Stellenbosch University and the University of Cape Town.

The increase of R89 million in interest paid from R502 million in 2011 to R591 million in 2012 was mainly due to increased payments made by the University of Pretoria, the University of the Witwatersrand and the University of KwaZulu-Natal.

The largest contributor to purchases of non-financial assets was buildings and structures (R3 186 million), followed by machinery and equipment (R1 717 million), other fixed assets (R162 million), inventories (R13 million) and valuables (R1 million) for the 2012 financial year (see Table B, p.6).

The decrease of R294 million in fixed assets from R583 million in 2011 to R289 million in 2012 was mainly due to a decrease in spending on other constructions by the University of Cape Town, the University of Venda and the University of Fort Hare.

**Table A – Economic classification of statement of sources and uses of cash of higher education institutions for the 2011 and 2012 financial years (summary)<sup>1</sup>**

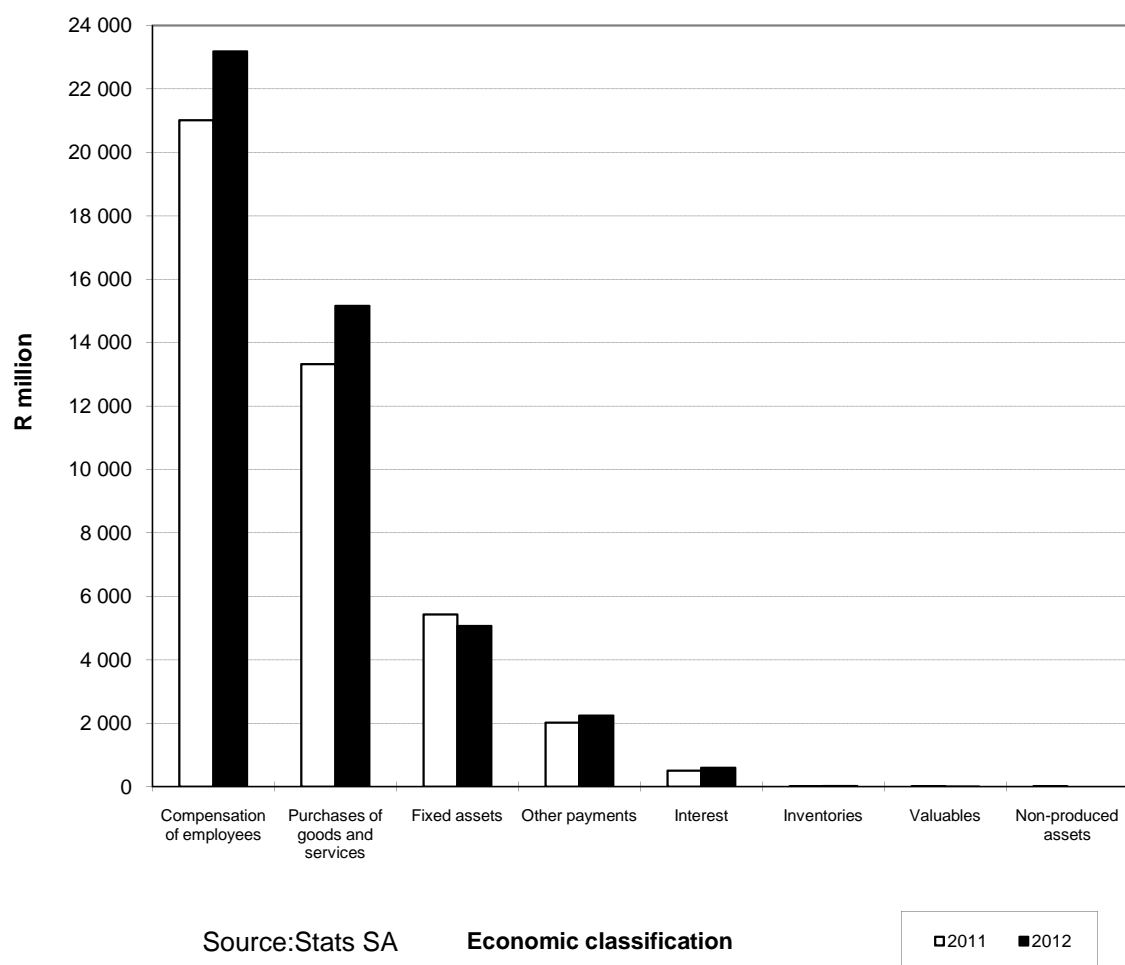
GFS 2001 codes	Economic classification of sources and uses of cash	2011 <sup>3</sup>	2012	Change between 2011 and 2012
		R million	R million	R million
	<b>Cash flows from operating activities:</b>			
	Cash receipts from operating activities <b>a</b>	44 756	48 430	3 674
11	Taxes	15	6	-9
12	Social contributions	0	0	0
13	Grants	19 602	20 969	1 367
14	Other receipts	25 140	27 455	2 315
	Cash payments for operating activities <sup>2</sup> <b>b</b>	36 842	41 169	4 327
21	Compensation of employees	21 013	23 181	2 168
22	Purchases of goods and services	13 314	15 155	1 841
24	Interest	502	591	89
25	Subsidies	0	0	0
26	Grants	0	0	0
27	Social benefits	0	0	0
28	Other payments	2 014	2 241	227
	<i>Net cash flow from operating activities:(outflow)/inflow (a-b)=c</i>	7 914	7 261	-653
	<b>Cash flows from investments in non-financial assets:</b>			
	Purchases of non-financial assets <b>d</b>	5 438	5 080	-358
611	Fixed assets	5 421	5 065	-356
612	Inventories	11	13	2
613	Valuables	2	1	-1
614	Non-produced assets	5	0	-5
	Sales of non-financial assets <b>e</b>	381	153	-228
311	Fixed assets	381	152	-229
312	Inventories	0	0	0
313	Valuables	0	0	0
314	Non-produced assets	0	1	1
	<i>Net cash flow from investments in non-financial assets: (outflow)/inflow (e-d)=f</i>	-5 057	-4 927	
	<b>CASH SURPLUS/(DEFICIT) (c+f)=g</b>	2 857	2 334	
	<b>Cash flows from financing activities:</b>			
	Net acquisition of financial assets other than cash:			
	Cash outflow/(inflow) <b>h</b>	2 601	2 256	
321	Domestic	1 731	1 431	
322	Foreign	871	825	
	Net incurrence of liabilities: cash (outflow)/inflow <b>i</b>	796	44	
331	Domestic	796	44	
332	Foreign	0	0	
	<i>Net cash flow from financing activities: (outflow)/inflow (i-h)=j</i>	-1 805	-2 212	
99999	<b>NET CHANGE IN THE STOCK OF CASH</b>	<b>1 052</b>	<b>122</b>	

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

<sup>2</sup> Included in the total cash payments for operating activities are the amounts for research undertaken by higher education institutions which were to the value of R2 813 million in 2012.

<sup>3</sup> Some of the figures have been revised since the previous publication.

**Figure 1 – Economic classification of the cash payments for operating activities and purchases of non-financial assets for the 2011 and 2012 financial years**

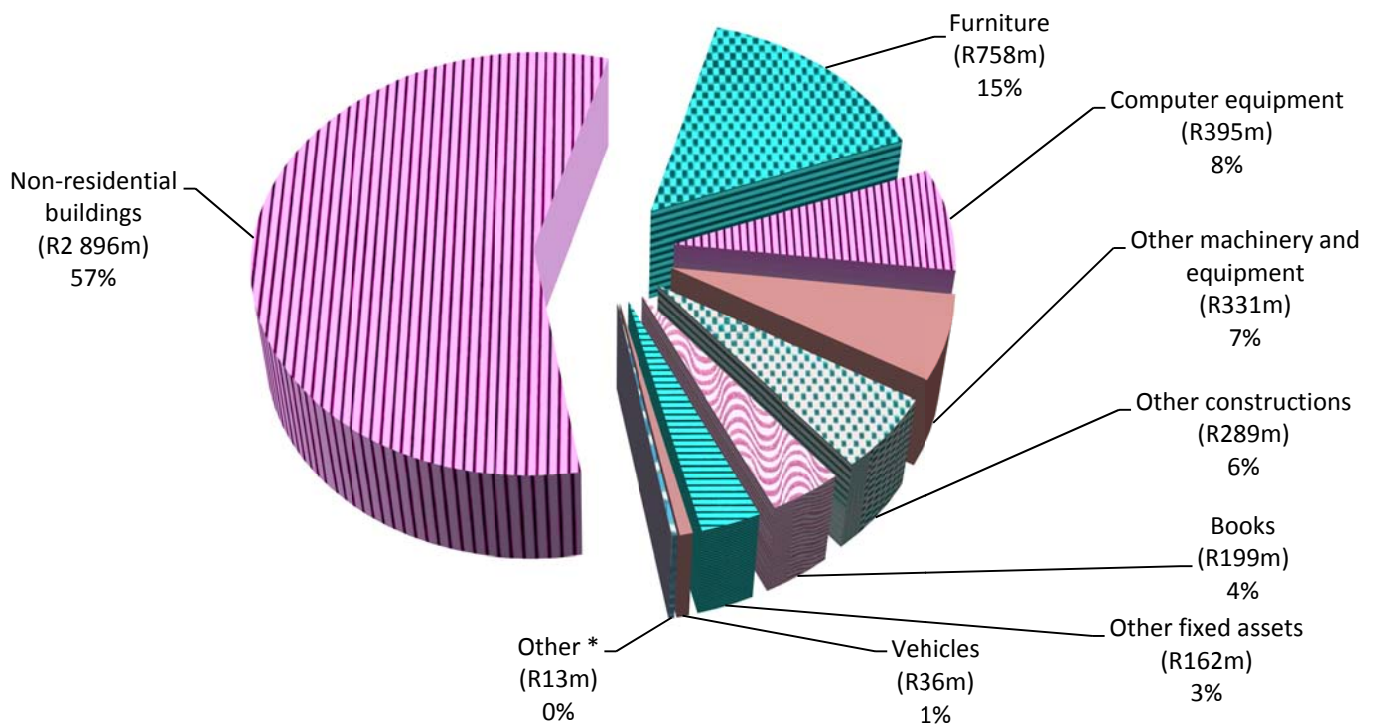


**Table B – Economic classification of cash payments for purchases of non-financial assets of higher education institutions for the 2011 and 2012 financial years<sup>1</sup>**

GFS 2001 codes	Cash payments for purchases of non-financial assets		2011 <sup>2</sup>	2012	Change between 2011 and 2012
			R million	R million	R million
	<b>Purchases of non-financial assets:</b>	<b>(m+q+r+s)=l</b>	<b>5 438</b>	<b>5 080</b>	<b>-358</b>
<b>611</b>	<b>Fixed assets:</b>	<b>(n+o+p)=m</b>	<b>5 421</b>	<b>5 065</b>	<b>-356</b>
<b>6111</b>	<b>Buildings and structures:</b>	<b>n</b>	<b>3 439</b>	<b>3 186</b>	<b>-253</b>
61111	Residential buildings		1	0	-1
61112	Non-residential buildings		2 855	2 896	41
61113	Other constructions		583	289	-294
<b>6112</b>	<b>Machinery and equipment:</b>	<b>o</b>	<b>1 818</b>	<b>1 717</b>	<b>-101</b>
61121	Vehicles		56	36	-20
61122	Computer equipment		412	395	-17
61124	Furniture		856	758	-98
61125	Other machinery and equipment		330	331	1
61126	Books		164	199	35
<b>6113</b>	<b>Other fixed assets:</b>	<b>p</b>	<b>163</b>	<b>162</b>	<b>-1</b>
61132	Intangible assets		163	162	-1
<b>612</b>	<b>Inventories</b>	<b>q</b>	<b>11</b>	<b>13</b>	<b>2</b>
<b>613</b>	<b>Valuables</b>	<b>r</b>	<b>2</b>	<b>1</b>	<b>-1</b>
<b>614</b>	<b>Non-produced assets</b>	<b>s</b>	<b>5</b>	<b>0</b>	<b>-5</b>

<sup>1</sup> The sum of the data may not necessarily add up to totals due to rounding-off of figures.<sup>2</sup> Some of the figures have been revised since the previous publication.

**Figure 2 – Economic classification of cash payments for purchases of non-financial assets for the 2012 financial year**



Source: Disaggregated Table 3 available on the website.

\* Other includes inventories, non-produced assets, valuables and residential buildings.

**PJ Lehohla**  
**Statistician-General**

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## Notes

<b>Forthcoming issues</b>	<b>Issue</b>	<b>Expected release date</b>
	Financial statistics of higher education institutions, 2013	15 October 2014
<b>Purpose of this statistical release</b>	This statistical release provides financial statistics of cash transactions of South African higher education institutions. Cash payments converted from accrual basis of recording for operating activities and purchases of non-financial assets for the 2012 financial year were classified economically and functionally.	
<b>Expected changes in next issue</b>	No changes are expected regarding the scope and classification of income and expenditure.	

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**Annexure A: Information on disaggregated tables available on the Stats SA website****Tables**

Table 1	Economic classification of cash receipts from operating activities for the 2012 financial year
Table 2	Economic and functional classification of cash payments for operating activities for the 2012 financial year
Table 3	Economic and functional classification of the purchases of non-financial assets for the 2012 financial year
Table 4	Economic classification of the sales of non-financial assets for the 2012 financial year
Table 5	Economic classification of the net acquisition of financial assets other than cash for the 2012 financial year
Table 6	Economic classification of the net incurrence of liabilities for the 2012 financial year
Table 7	Economic and functional classification of cash payments for operating activities for the 2012 financial year: Government consumption cash payments divided between individual and collective services
Table 8	Economic and functional classification of cash payments for operating activities for the 2012 financial year: Subsidies paid divided between subsidies on products and subsidies on production

## Explanatory notes

### Introduction

1. This statistical release provides information on cash transactions of higher education institutions for the 2012 financial year, which ended on 31 December 2012.

### Scope of the financial statistics of higher education institutions

2. The cash payment 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
- 17) Walter Sisulu University

#### Universities of Technology

- 18) Cape Peninsula University of Technology
- 19) Central University of Technology, Free State
- 20) Durban University of Technology
- 21) Mangosuthu University of Technology
- 22) Tshwane University of Technology
- 23) Vaal University of Technology

### Expansion to higher education institution scope

3. In 2010, the Minister of Higher Education and Training appointed two task teams to investigate the feasibility and possible models for the establishment of universities in Mpumalanga and Northern Cape respectively.

These institutions' financial data will be incorporated into this publication once they become active/operational.

### 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.

Stats SA receives consolidated information of all the higher education institutions, including information on hostels and trust funds. Therefore, information on hostels and trust funds cannot be excluded from the tables.

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**

5. This statistical release includes changes from the previous year (2011) for the categories of cash flows from operating activities and cash flows from investments in non-financial assets. This statistical release is comparable with the previous year.

**Classification**

**6. 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 (mainly tuition fees, but also incidental sales, voluntary transfers other than grants, and interest received)

- **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**

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P0441	<i>Gross domestic product;</i>
P9101	<i>Capital expenditure by the public sector;</i>
P9102	<i>Financial statistics of extra-budgetary accounts and funds;</i>
P9114	<i>Financial census of municipalities;</i>
P9119.3	<i>Financial statistics of national government;</i>
P9119.4	<i>Financial statistics of consolidated general government; and</i>
P9121	<i>Financial statistics of provincial government.</i>

**Symbols and abbreviations**

GFS	Government Finance Statistics, 2001
HEI	Higher education institution
IMF	International Monetary Fund
n.e.c.	Not elsewhere classified
NPISH	Non-profit institutions serving households
NQF	National Qualification Framework
R&D	Research and development
Stats SA	Statistics South Africa

## Glossary

<b>Accrual basis of recording</b>	Accrual basis of recording means that flows are recorded at the time economic value is created, transformed, exchanged, transferred, or extinguished.
<b>Books</b>	Include library books and periodicals.
<b>Cash basis of recording</b>	Cash basis of recording means that transactions are captured when cash is received or when a cash payment is made.
<b>Collective services</b>	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.
<b>Compensation of employees</b>	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.
<b>Economic classification</b>	A measure of the nature and economic effect of government operations on the economy of the country.
<b>Extra-budgetary accounts and funds</b>	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.
<b>Financial assets</b>	Financial assets consist of financial claims, monetary gold and Special Drawing Rights (SDRs) allocated by the International Monetary Fund (IMF).
<b>Fixed assets</b>	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.
<b>Functional classification</b>	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.
<b>GFS Manual (2001)</b>	The manual describes a specialised macroeconomic statistical system (Government Finance Statistics system) designed to support fiscal analysis.
<b>Government consumption expenditure</b>	Expenditure on all goods and services which are used (without further transformation in production) by government units for the direct satisfaction of individual needs or wants or the collective needs of members of the community.
<b>Grants</b>	Grants are non-compulsory current or capital transfers received by a government unit from either another government unit or an international organisation.
<b>Higher education</b>	All learning programmes leading to qualifications higher than grade 12 or its equivalent in terms of the National Qualifications Framework as contemplated in the South African Qualification Authority Act, 1995 (Act No. 58 of 1995).

<b>Higher education institutions</b>	(Section 1 of Act No.63, 2002). Any institution that provides higher education on a full-time, part-time or distance basis and which is (a) merged, established or deemed to be established as a public higher education institution under this Act; (b) declared as a public higher education institution under this Act; or (c) registered or [conditionally] provisionally registered as a private higher education institution.
<b>Households</b>	A household may be defined as an individual living alone or as a small group of persons sharing the same living accommodation.
<b>Individual services</b>	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.
<b>Intangible fixed assets</b>	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.
<b>Inventories</b>	Inventories are goods and services held by producers for sale, use in production, or other use at a later date.
<b>Liabilities</b>	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.
<b>Machinery and equipment</b>	Machinery and equipment includes motor vehicles, ships, aircraft, equipment and furniture. Military expenditure on machinery and equipment which could be used for civilian purposes is included.
<b>Non-financial assets</b>	Non-financial assets consist of fixed assets, inventories, valuables and non-produced assets.
<b>Non-financial public corporations</b>	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.
<b>Non-produced assets</b>	Non-produced assets are assets needed for production that have not themselves been produced, such as land, subsoil assets and certain intangible assets.
<b>Non-profit institutions serving households (NPISH)</b>	Non-profit institutions which are mainly engaged in non-market production and serve households.
<b>Non-residential buildings</b>	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.
<b>Other fixed assets</b>	Consist of cultivated assets and intangible fixed assets.

<b>Other structures</b>	This fixed asset consists of 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.	
<b>Residential buildings</b>	All buildings that are used entirely or primarily as residences and include flats, hostels and nursing homes.	
<b>Social benefits</b>	Social benefits are transfers in cash or in kind to protect the entire population or a specific segment of it against certain social risks.	
<b>Social contributions</b>	Social contributions are actual receipts from either employers on behalf of their employees or from employees, self-employed or non-employed persons on their own behalf that secure entitlement to social benefits for their contributors, their dependents or their survivors.	
<b>Subsidies</b>	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.	
<b>Subsidies on production</b>	Subsidies on production are payments which resident enterprises may receive as a consequence of engaging in production.	
<b>Subsidies on products</b>	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.	
<b>Transfers</b>	A transfer is a transaction in which one institutional unit provides a good, service or asset to another unit without receiving from the latter any good, service or asset in return as a direct counterpart.	
<b>Universities</b>	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).	
<b>Universities of technology</b>	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).	
<b>Valuables</b>	Valuables are produced goods of considerable value acquired and held primarily as a store of value and not used primarily for purposes of production or consumption.	
<b>Wages and salaries</b>	Wages and salaries include primarily basic wages, salaries, services and other bonuses, allowances (including car allowances), overtime payments and housing subsidies.	
<b>Technical enquiries</b>	<b>Elizabeth Makhafola</b>	Telephone number: +27 12 310 8977 Email: elizabethma@statssa.gov.za
	<b>Francois Engelbrecht</b>	Telephone number: +27 12 310 8431 Email: francoise@statssa.gov.za

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Orders/ subscription: Telephone numbers: +27 12 310 8358  
Email address: [magdaj@statssa.gov.za](mailto:magdaj@statssa.gov.za)

Postal address: Private Bag X44, Pretoria, 0001

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