1.5.2 Public-sector financial auxiliaries

Public-sector financial auxiliaries such as financial supervisory authorities. This will include the Financial Services Board. However, the South African Reserve Bank’s supervisory functions falls under 1.1 as part of the Monetary authority.

2. Non-financial corporate sector

The non-financial corporate sector includes all resident privately and publicly owned institutional units whose principal activity is the production of goods and non-financial services. The non-financial corporate sector consists of the following institutional units:

2.1 Private non-financial corporate sector

Private-sector corporations are companies previously registered under the Republic of South Africa’s Companies Act, 1973, and more recently in terms of the Companies Act, 2008. Private-sector non-financial companies are legal entities separate from their owners and are principally engaged in the production of market goods and non-financial services at economically significant prices with the intent to generate profit or financial gain for the shareholders.
2.1.1 Non-profit institutions serving the non-financial corporate sector

Non-profit institutions are legal entities engaged in the production of goods and services without the intent to generate income or financial gain directly for those that finance or control them. Examples of this kind of institution are Sacob and all industry associations serving the non-financial corporate sector. The Companies Act, 2008 stipulates that a non-profit institution’s name needs to be followed by the abbreviation “NPC”.

2.1.2 Co-operatives

Co-operatives are legal entities created by producers for the purpose of marketing collective output, and any profits raised are distributed in accordance with agreed rules.

2.1.3 Close corporations

Close corporations are private-sector entities registered under the Close Corporations Act, 1984, and are obliged to incorporate the abbreviation “CC” as the last entry in their name. The new Companies Act, 2008 stipulates that it will not be possible to register any new close corporations, nor may companies be converted into close corporations. Close corporations currently in existence will be able to exist indefinitely, and the Close Corporations Act will be brought into line with legislation on private companies. Where a close corporation is primarily involved in financial activity, it should be classified under the relevant grouping within the financial corporate sector.

2.1.4 Other private-sector companies

This classification includes all other companies in the private sector previously registered under the Companies Act, 1984, or more recently under the Companies Act, 2008, (i.e., organisations that are required by law to incorporate the abbreviation(s) “Ltd”, “(Pty) Ltd” or “Inc” as the last entry/entries in their names), but excluding all institutions listed in the financial sector.

2.2 Public non-financial corporate sector

The public non-financial corporate sector consists of corporations where the principal activity is the production of market goods and non-financial services and these institutional units are owned or controlled by units in the general government sector. The Companies Act, 2008 specifies that a State Owned Company be followed by the abbreviation “SOC Ltd”.

Identification of the general government and public sectors5: A decision tree for government units and other public units

The procedure for evaluating economic entities in an economy and grouping them inside or outside the public sector and its subsectors is presented in the form of a decision tree in Figure 2.

The starting point for sectorising an economy is to identify the residency of entities operating in the economy. For each resident entity, the following steps should be taken:

- Identify whether the entity constitutes an institutional unit, that is, is it capable, in its own right, of owning assets, incurring liabilities, and engaging in economic activities and transactions with other entities? If not, the entity should be classified with the unit that controls it.
- Identify whether the institutional unit belongs in the private or in the public sector. This involves determining whether the unit is a government unit, or is controlled by a government unit or public corporation. If so, it is a public unit and part of the public sector. If not, it is part of the private sector.
- Determine for each public-sector unit whether it is a market or non-market producer, that is, does it dispose of all or most of its output at economically significant prices?

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• If it is a market producer, it is to be classified as a public corporation.

• If it is a non-market producer, it is necessary to determine whether the unit includes any unincorporated activity that should be considered to be a quasi-corporation.
  – If so, the quasi-corporation should be classified as a public corporation.
  – If not, the unit is a general government unit and should be classified in the general government sector.

• Determine for each public corporation (and public quasi-corporation) whether it provides financial services.
  – If so, it is a public financial corporation.
  – If not, it is a public nonfinancial corporation.

Figure 2  Sectorising public entities (general government versus public corporations)
2.2.1 National government enterprises (as at 31 March 2010)

- **Major public non-financial entities**
  
  - Air Traffic and Navigation Services Company Limited (ATNS)
  - Airports Company of South Africa Limited (ACSA)
  - Alexander Bay Development Corporation Limited (Alexkor)
  - Broadband Infrastructure Company (Pty) Limited (Infraco)
  - Denel (Pty) Limited
  - Eskom
  - Petroleum, Oil and Gas Corporation of South Africa (Pty) Limited, The (Petro SA)
  - Sentech Limited

  This classification includes any subsidiary or entity under the ownership or control of the above public entities whose main activity is non-financial in nature.

- **Other national government business enterprises**
  
  - African Exploration Mining and Finance Corporation, The
  - Coega Development Corporation (Pty) Limited
  - Council for Mineral Technology (Mintek)
  - Council for Scientific and Industrial Research (CSIR)
  - Inala Farms (Pty) Limited
  - Onderstepoort Biological Products Limited
  - Pebble Bed Modular Reactor (PBMR)
  - Pelchem (Pty) Limited, formerly HTP Marketing and Manufacturing (Pty) Limited
  - South African Banknote Company (Pty) Limited
  - South African Bureau of Standards (SABS)
  - South African Mint Company (Pty) Limited, The State Diamond Trader
  - Strategic Fuel Fund Association (SFF)

  This classification includes any subsidiary or entity under the ownership or control of the above public entities whose main activity is non-financial in nature.

- **Water boards**
  
  - Albany Coast Water
  - Amatola Water
  - Bloem Water
  - Botshelo Water
  - Bushbuckridge Water
  - Ikangala Water
  - Komati Basin Water Authority
  - Lepelle Northern Water
  - Magalies Water
  - Mhlathuze Water
  - Namaqua Water
  - Overberg Water
  - Pelladrift Water
  - Rand Water
  - Sedibeng Water
  - Umgeni Water

  This classification includes any subsidiary or entity under the ownership or control of the above public entities whose main activity is non-financial in nature.
2.2.2 Provincial government enterprises
(as at 31 March 2010)

- Cowslip Investments (Pty) Limited
- East London Industrial Development Zone Corporation (ELIDZ)
- Eastern Cape Development Corporation (ECDC)
- Gateway Airport Authority Limited
- Great North Transport (Pty) Ltd
- Mafikeng Industrial Development Zone Company (Pty) Limited (MIDZ)
- Mayibuye Transport Corporation
- Mjindi Farming (Pty) Limited
- Mpendle-Ntambanana Agricultural Company (Pty) Limited
- Mpumalanga Agricultural Development Corporation (MADC)
- Mpumalanga Economic Growth Agency (MEGA)
- North West Development Corporation (Pty) Limited (NWDC)
- State Information Technology Agency (Pty) Limited (SITA)

This classification includes any subsidiary or entity under the ownership or control of the above public entities whose main activity is non-financial in nature.

2.2.3 Local government enterprises

These are enterprises of local governments whose main activity is non-financial in nature.

3. General government sector

The general government sector consists of institutional units that are legal entities with political responsibilities established through the political process mainly to produce non-market goods and services for individual and public consumption, and to redistribute income and wealth. These institutional units invest in assets and fund activities by levying taxes and issuing financial instruments. Some units owned by units in the general government sector may also be engaged in the production of goods and services for which economically significant prices are charged. The general government sector consists of the institutional units listed on National Treasury’s website:

www.treasury.gov.za

3.1 Central government

Central government consists of national government departments and ministries and institutional units not classified as quasi-corporations owned by central government. Central government institutional units are established in terms of the following legislation:


3.1.1 National government departments
(as at 31 October 2011)

- Central Government Administration
  - Cooperate Governance and Traditional Affairs, formerly Department of Provincial and Local Government (cogta)
  - Home Affairs (Dha)
  - International Relations and Cooperation, formerly Foreign Affairs (Dirco)

- Financial and Administrative Services
  - Government Communications and Information System (GCIS)
  - National Treasury
  - Parliament
  - Performance Monitoring and Evaluation
  - Presidency, The
  - Public Works (DPW)
  - Women, Children and People with Disabilities
  - Public Enterprises
  - Public Service and Administration (DPSA)
  - Statistics South Africa (Stats SA)