Note on the inclusion of public deposit-taking corporations in the statistics of public financial enterprises and corporations

By M T Gumbi and V Mathe[1]

Introduction

The *Government Finance Statistics Manual 2014 (GFSM 2014)*[2] published by the International Monetary Fund (IMF) serves as a standardised global framework for compiling detailed government finance statistics (GFS), thereby ensuring international comparability. Following recent bilateral engagements, the IMF recommended that the South African Reserve Bank (SARB) expand the coverage and reporting of its public finance statistics in the *Quarterly Bulletin (QB)* to include public deposit-taking corporations (PDTCs). Paragraph 3.124 of the *Monetary and Financial Statistics Manual and Compilation Guide (MFSM)*[3] defines deposit-taking corporations (DTCs) as all financial corporations (FCs), other than the central bank, that incur liabilities included in broad money. The DTCs' principal activity is financial intermediation and they obtain funds by accepting deposits or other financial instruments (such as short-term certificates of deposits) that are close substitutes for deposits. DTCs may also issue bills, bonds, other debt securities or other financial instruments.

Paragraph 2.117 of the IMF's *GFSM 2014* defines PDTCs as financial corporations controlled by general government units or other public corporations. Their principal activity is financial intermediation and their liabilities take the form of deposits or financial instruments that are close substitutes for deposits. Two types of PDTCs can be distinguished, namely the central bank and PDTCs other than the central bank.

The exclusion of PDTCs in the public financial corporations statistics for public financial intermediaries published in the *QB* creates a significant data gap that may limit policymakers' and market participants' ability to assess financial stability risks and economic developments timeously and accurately. The inclusion of PDTCs in the public finance statistics is also aligned with the IMF's G20 Data Gaps Initiative (DGI), which underscores the need for comprehensive data coverage.

As data for PDTCs are already included in the SARB's published monetary statistics, this note focuses on the improved coverage of the public finance statistics. It outlines how financial statistics for PDTCs were collected, analysed and incorporated into the broader public finance statistics from fiscal 2009/10, while also highlighting international best practice and the methodology used for compiling PDTC statistics in line with the guidance provided by various IMF manuals.

1 The views expressed in this note are those of the authors and do not necessarily reflect those of the South African Reserve Bank (SARB).

2 International Monetary Fund (IMF), *Government Finance Statistics Manual 2014*.

3 IMF, *Monetary and Financial Statistics Manual and Compilation Guide, 2016*.

Structure of the public financial corporations sector

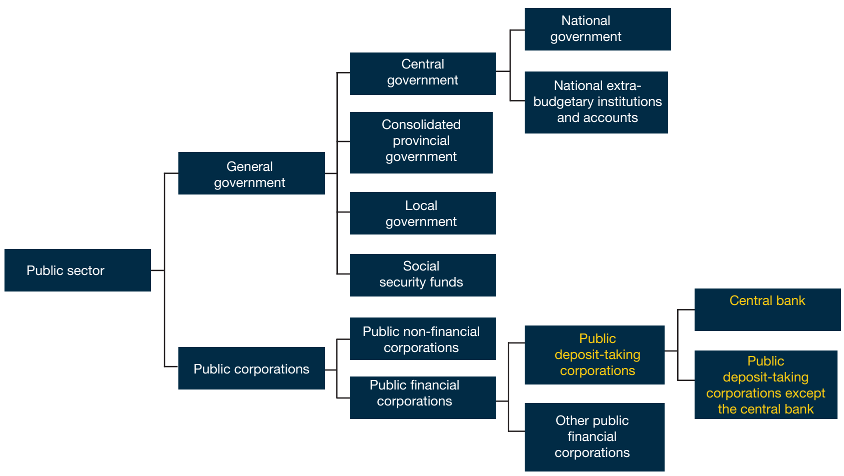
Table 1 presents the structure of the public financial corporations sector before and after the inclusion of PDTCs.

Table 1 Institutional coverage of public financial corporations

Public financial corporations	Previous institutional coverage	Updated institutional coverage
Public financial intermediaries	Industrial Development Corporation (IDC)	IDC
	Development Bank of Southern Africa (DBSA)	DBSA
	National Housing Finance Corporation (NHFC)	NHFC
	Ithala Development Finance Corporation (Ithala)	Ithala
	National Empowerment Fund (NEF)	NEF
Public deposit-taking corporations		South African Reserve Bank (SARB)
		Corporation for Public Deposits (CPD)
		Land and Agricultural Development Bank of South Africa (Land Bank)
		South African Post Bank (Postbank)

The update consolidates financial data of the four PDTCs with that of the existing five public financial intermediaries. The combined data are now reported under total public financial corporations (including PDTCs). Figure 1 shows the institutional classification of the public sector, as adapted for South Africa from the *GFSM 2014*.

Figure 1   Institutional classification of the public sector



Sources: SARB and IMF

Compilation of the financial statistics of public financial enterprises and corporations

The current *Institutional Sector Classification Guide (ISCG)*[4] includes public financial corporations, of which the SARB only surveys five public financial intermediaries, namely the IDC, DBSA, Ithala, NHFC and NEF, using the quarterly F02 (Balance sheet) and F04 (Income and cash flows statement) survey forms. The expansion forms part of the broader goal of achieving full coverage of public financial enterprises and corporations.

Incorporating PDTC data into the public financial corporations statistics from fiscal 2009/10 provides a sufficiently long and consistent time series for trend analysis and for assessing structural change.

4 The *ISCG* for South Africa identifies and categorises entities according to institutional sectors and provides comprehensive definitions according to the guidelines of the *ISCG*, the *System of National Accounts 2008* (*2008 SNA*) as well as other manuals and directives used by the SARB's Economic Statistics Department (ESD).

Cash flows of public financial enterprises and corporations

As quarterly cash flow data were unavailable, annual cash flow data from audited annual financial statements were used to derive quarterly cash flow data through temporal disaggregation. Quarterly balance sheet data for the PDTCs were sourced from the monetary statistics to ensure alignment and consistency.

According to Chamberlin,[5] temporal disaggregation is the process of distributing or transforming a low-frequency time series (e.g. annual) into a high-frequency series (e.g. quarterly or monthly). This process is usually associated with flow time series data, where either the sum, average, first value or last value of the resulting high-frequency time series is consistent with the known low-frequency time series value.[6] The straight-line method, which divides annual data by four to obtain quarterly values, is the simplest approach to temporal disaggregation. However, this method assumes a uniform distribution that does not reflect seasonal or intra-year fluctuations and may distort the timing and profile of underlying movements. For this reason, the Denton technique is commonly used in official statistics, as it is better suited to preserving short-term movements when direct quarterly indicators are not available.

5 See G Chamberlin, Methods explained: Temporal disaggregation, *Economic and Labour Market Review* 4(11), 2010, pp 106–121.

6 See C Sax and P Steiner, 'Temporal disaggregation of time series', *The R Journal, 2013.*

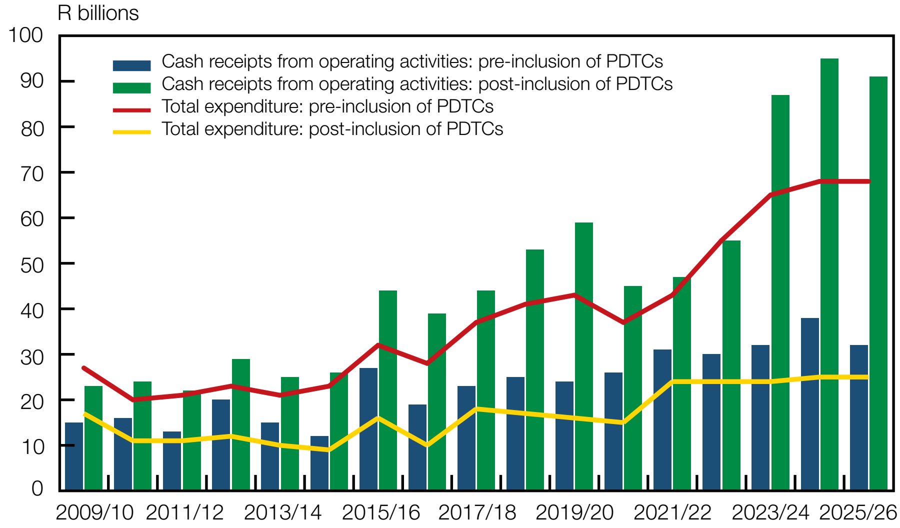
After careful consideration, a modified Denton method, commonly known as Denton–Cholette, was selected for estimating the PDTCs' quarterly cash flow statistics. A key advantage of this method is that it focuses on preserving movement by maintaining short-term movements as far as possible, while minimising deviations between the interpolated high-frequency series and the known low-frequency series. The method can be applied to levels (0), first differences (1) or second differences (2), and can be specified with or without an indicator variable. Importantly, the criterion can be set to 'proportional' or 'additive', depending on whether the aim is to minimise proportional or absolute deviations.

In disaggregating the PDTCs' annual GFS data, quarterly statistics for the existing five financial public intermediaries were used as indicator variables. The existing five financial public intermediaries and the PDTCs share similar characteristics as those of institutional units.

Figure 2 shows that incorporating PDTCs into the published statistics for public financial enterprises and corporations results in a marked increase in both cash receipts from operating activities and total expenditure. Cash receipts rose significantly to R90.9 billion in fiscal 2025/26 compared with R31.9 billion prior to the inclusion of the PDTCs. This increase was mainly driven by other receipts (interest and realised fair value gain) with the SARB and CPD as the main contributors.

In fiscal 2025/26, total expenditure, inclusive of cash payments for operating activities and net investment in non-financial assets, increased from R24.6 billion before the PDTCs' inclusion to R68.4 billion after their inclusion, mainly driven by interest payments by the SARB and CPD. These shifts highlight the significant size of the PDTCs and their influence on aggregate cash flow data within the sector.

Figure 2 Financial activities of public financial corporations



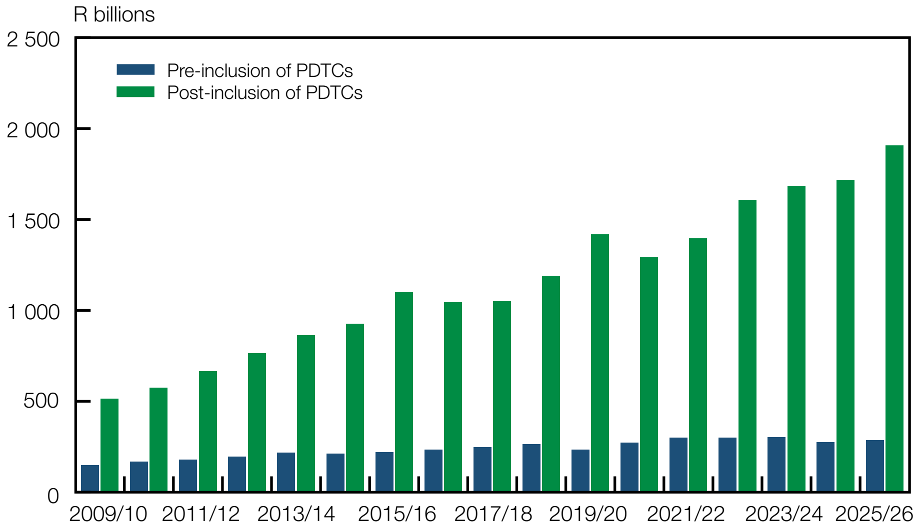
Source: SARB

Balance sheet of public financial enterprises and corporations

Although data for the existing five public financial corporations are sourced from both audited financial statements and the quarterly F02 survey forms submitted by the entities, the PDTCs' balance sheet data will be sourced from the monetary statistics to ensure alignment of the public finance statistics with the monetary statistics. The monetary statistics balance sheet data are published monthly, while the public financial corporations' balance sheet data are published quarterly and annually. The PDTCs statistics are currently presented on pages S–2 to S–5 and S–15 to S–17 in the money and banking section of the *QB* statistical tables.

Figure 3 illustrates the substantial structural change in the size of the consolidated balance sheet of public financial corporations after the inclusion of the PDTCs. Over the fiscal 2009/10 to fiscal 2025/26 period, the balance sheet of public financial corporations increased more than fivefold. For example, in fiscal 2025/26, the total balance sheet expanded markedly from R286.2 billion before the inclusion of PDTCs to R1 905.9 billion after their inclusion, reflecting the significant size of the PDTCs' balance sheet and their central role within public financial corporations.

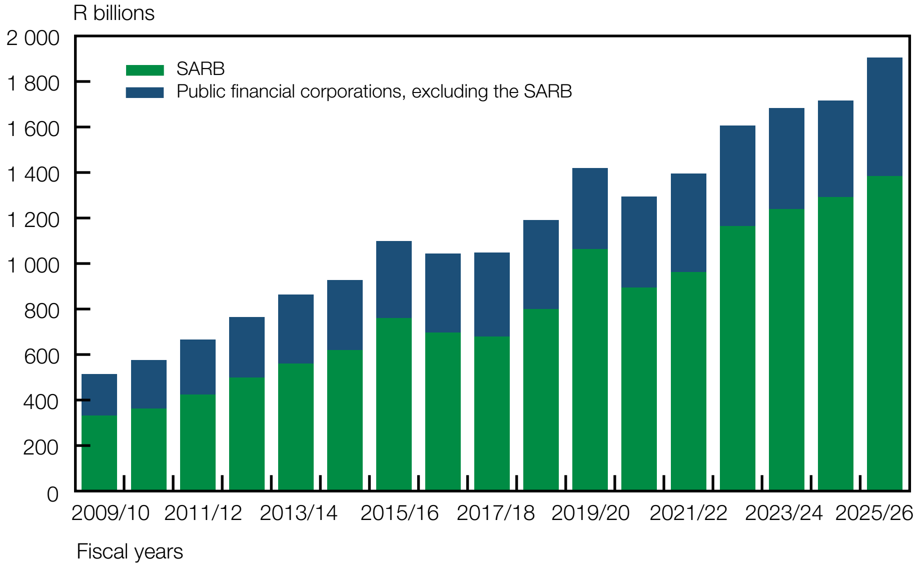
Figure 3 Total assets of public financial corporations



Source: SARB

Figure 4 shows that the SARB is now the largest contributor to the total balance sheet of public financial corporations. In fiscal 2025/26, the SARB's balance sheet amounted to R1 384.0 billion, representing 72.6% of the total balance sheet of public financial corporations.

Figure 4 Contribution to the total balance sheet of public financial corporations



Conclusion

Including the four PDTCs alongside the existing five public financial intermediaries in the public finance statistics will enhance the institutional coverage of public financial corporations.

Previously, statistics for public financial corporations were published in the *QB* statistical tables on page S–80 (Government finance statistics of financial public enterprises and corporations) and S–85 (Assets and liabilities of financial public enterprises and corporations), while the statistics for PDTCs were presented only in the monetary statistics section.

From this edition of the *QB*, the statistics for public financial enterprises and corporations, including the PDTCs, will be published together in the same statistical tables (S–80 and S–85). The monetary statistics tables and format will remain unchanged.