

South Africa: Report on Observance of Standards and Codes—Data Module; Response by the Authorities; and Detailed Assessments Using the Data Quality Assessment Framework

This Report on the Observance of Standards and Codes on Data Module for South Africa was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with the member country. It is based on the information available at the time it was completed on **October 1, 2001**. The views expressed in this document are those of the staff team and do not necessarily reflect the views of the government of South Africa or the Executive Board of the IMF.

The Response by the Authorities on this report, and the Detailed Assessments Using the Data Quality Assessment Framework (DQAF), are also included.

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Report on the Observance of Standards and Codes (ROSC)—Data Module

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Contents	Page
Acronyms.....	3
Executive Summary.....	4
I. Introduction.....	6
II. Data Dissemination Practices and the Special Data Dissemination Standard.....	6
A. Overview of the SDDS.....	6
B. Current Dissemination Practices.....	7
Data Dimension: Coverage, Periodicity, and Timeliness.....	7
Access Dimension.....	8
Integrity Dimension.....	8
Quality Dimension.....	12
Monitoring of Data.....	12
III. Summary Assessment of Data Quality.....	13
A. The Framework for Assessing Data Quality.....	13
B. Summary of Findings.....	14
Prerequisites of quality.....	14
Integrity.....	16
Methodological soundness.....	16
Accuracy and reliability.....	18
Serviceability.....	20
Accessibility.....	22
IV. Staff Recommendations.....	30
Institutional Arrangements.....	30
National Accounts.....	30
Consumer Price Index (CPI).....	30
Producer Price Index (PPI).....	30

Government Finance Statistics	31
Monetary Statistics	31
Balance of Payments Statistics	31

TEXT TABLES

1. South Africa: Overview of Current Practices Regarding Coverage, Periodicity, and Timeliness of Data Compared to the Special Data Dissemination Standard.....	10
2.1 Data Quality Assessment Framework: Summary Presentation of National Accounts	24
2.2 Data Quality Assessment Framework: Summary Presentation of Consumer Price Index	25
2.3 Data Quality Assessment Framework: Summary Presentation of Production Price Index	26
2.4 Data Quality Assessment Framework: Summary Presentation of Government Finance Statistics	27
2.5 Data Quality Assessment Framework: Summary Presentation of Monetary Statistics ...	28
2.6 Data Quality Assessment Framework: Summary Presentation of Balance of Payments	29

BOXES

1. Dimensions and Elements of the Special Data Dissemination Standard (SDDS).....	9
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APPENDIX

1. Users' Views.....	33
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ACRONYMS

<i>1993 SNA</i>	<i>1993 System of National Accounts</i>
<i>BPM5</i>	<i>Balance of Payments Manual, Fifth Edition</i>
CBS	Central Bank Survey
CPC	Central Product Classification
CPI	Consumer Price Index
CPD	Corporation for Public Deposits
DCS	Depository Corporations Survey
DQAF	Data Quality Assessment Framework
<i>GFS86</i>	<i>Government Finance Statistics Manual, 1986</i>
GAAP	Generally Accepted Accounting Principles
GDP	Gross domestic product
GRAP	Generally recognized accounting practices
<i>MFSM</i>	<i>Monetary and Financial Statistics Manual</i>
ODCs	Other Depository Corporations
ODCS	Other Depository Corporations Survey
PPI	Producer Price Index
PFMA	Public Finance Management Act, 1999
ROSC	Report on Observance of Standards and Codes
SACU	Southern Africa Customs Union
SADC	Southern African Development Community
SANT	South African National Treasury
SARB	South African Reserve Bank
SARS	South African Revenue Service
SDDS	Special Data Dissemination Standard
SIC 1993	Standard Industrial Classification for South Africa
SITC	Standard International Trade Classification
Stats SA	Statistics South Africa

EXECUTIVE SUMMARY

This Report on Observance of Standards and Codes (ROSC) is a summary assessment of South Africa's data dissemination practices against the IMF's Special Data Dissemination Standard (SDDS), complemented by an in-depth assessment of the quality of the key national accounts, prices, government finance, monetary, and balance of payments statistics. In addition, the mission was asked to assess elements of employment statistics within the framework of national accounts. The assessment of the quality of these datasets relies on the Data Quality Assessment Framework (DQAF) developed by the IMF's Statistics Department. The agencies that produce these sets of statistics are the South African Reserve Bank (SARB), the National Treasury (SANT), and Statistics South Africa (Stats SA). This assessment was carried out by a mission from the Statistics Department that visited Pretoria during May 7–18, 2001.¹

The mission concluded that:

- **SDDS observance:** South Africa meets the SDDS specifications for the coverage, periodicity, and timeliness of all data categories, and for the dissemination of advance release calendars.
- **Prerequisites of quality:** South African statistical agencies have a legal and institutional framework that supports statistical quality. Agencies demonstrate an awareness of quality as the cornerstone of statistical work.

However, responsibility for compiling and disseminating statistics in a number of areas is diffused, for historical and resource availability reasons. In such circumstances, close coordination and cooperation between the respective agencies is particularly important. This coordination and cooperation is being achieved at the moment for the compilation of government finance statistics, but the authorities may wish to strengthen the process and reduce vulnerability to breakdown, through written memoranda of understanding between the three agencies mainly involved, and, ultimately, through legal reinforcement.

- **Integrity:** All three agencies demonstrate professionalism, are transparent in their statistical practices and policies, and provide ethical guidelines to their staffs.
- **Methodological soundness:** With some exceptions, the national accounts follow the internationally endorsed standards of the *System of National Accounts, 1993 (1993 SNA)*; the consumer and producer prices indices too are in line with international standards. Fiscal accounts are in line with *Government Finance Statistics Manual, 1986 (GFS86)*,

¹ The mission team was led by Wipada Soonthornsima, and comprised Natalia Ivanik, Teresa Villacres (all of the IMF's Statistics Department), and Anna Ansmits (expert). Charles Enoch (Senior Advisor of the IMF's Statistics Department) joined the mission from May 12, 2001.

and steps are being taken to move toward the accrual accounting framework mandated in the prospective new manual. Balance of payments accounts are broadly in line with the *Balance of Payments Manual, Fifth Edition (BPM5)*, and monetary accounts with the *Monetary and Financial Statistics Manual, 2000 (MFSM)*.

Prospective improvements in the coverage of the employment survey, and the development of a half-yearly labor force survey, are welcome. It would be useful to continue to disseminate employment series on the SDDS bulletin board web site, even in the period before full analysis is complete, noting on the accompanying metadata the methodological limitations.

Although South Africa disseminates its international reserves position in line with the requirements of the IMF's template on international reserves and foreign currency liquidity, reporting of its international reserves position could be more transparent in a number of ways, including separating monetary from non-monetary holdings of gold, applying a consistent formula for the valuation of gold at market price, and excluding regional currency holdings from reserves. In addition, the continued inclusion of foreign currency holdings of the commercial banks in official records rests on earlier interpretations of the application of exchange controls and could usefully be discontinued.

- **Accuracy and reliability:** Improvement could be made in a few datasets, including by designing better source data in compiling the national accounts and the balance of payments, in particular to capture better developments in the service sector.
- **Serviceability:** In general, South African statistics are relevant and timely. Macroeconomic statistics appear to broadly meet users' needs. The highly-regarded Statistics Council of South Africa monitors the development of the statistical systems of South Africa.
- **Accessibility:** Information on metadata and statistics are widely available in various forms, including on the Internet. Officials in the responsible agencies are accessible.

I. INTRODUCTION

1. The data dissemination module of this Report on Observance of Standards and Codes (ROSC) provides a summary of South Africa's practices on the coverage, periodicity, and timeliness of the data categories specified in the IMF's SDDS, and of the practices on the provision of advance release calendars for these categories. It is complemented by an assessment of the quality of national accounts, prices, government finance, monetary, and balance of payments statistics using the experimental Data Quality Assessment Framework (DQAF) being developed by the IMF's Statistics Department. In addition, the mission was asked to assess elements of employment statistics within the framework of national accounts. This assessment is based on information (data and metadata) provided to the Statistics Department prior to and during a staff mission as well as publicly available information.

2. Section II includes an overview of the SDDS and an assessment of South Africa's data dissemination practices against the Standard. A summary assessment of the quality of the principal macroeconomic statistical datasets, following the dataset-specific assessment frameworks that were developed by the Statistics Department, is presented in Section III. Section IV provides staff recommendations to achieve further improvements in the quality of South Africa's statistics. The report also contains an Appendix which summarizes the views of a cross-section of users of South Africa's macroeconomic statistics.

II. DATA DISSEMINATION PRACTICES AND THE SPECIAL DATA DISSEMINATION STANDARD

A. Overview of the SDDS

3. South Africa's data dissemination practices are assessed against the IMF's SDDS.² This is a "best practice" standard. It covers four sectors of the economy (real, fiscal, financial, and external) as well as population, and identifies four dimensions (data, access, integrity, and quality) of data dissemination. For each of these dimensions, the Standard prescribes two to four monitorable elements or good practices that can be observed, or monitored, by the users of statistics (see Box 1). However, the IMF's monitoring of the Standard as authorized by the IMF's Board of Executive Directors is limited to the dimensions of data (coverage, periodicity, and timeliness) and access (advance release calendar). It should also be noted that the SDDS is a disclosure standard, that is, it focuses on encouraging the authorities to provide information to users, including information that will enable users to assess the data. The SDDS itself does not aim to assess the quality of data for any specific or predetermined use.

² A detailed description of the SDDS can be found on the IMF's Dissemination Standards Bulletin Board on the Internet at <http://dsbb.imf.org>.

B. Current Dissemination Practices

4. South Africa has subscribed to the SDDS since August 2, 1996 and started posting its metadata on the IMF's Dissemination Standards Bulletin Board on September 27, 1996. South Africa has been in observance of the SDDS specifications for the coverage, periodicity and timeliness of the data, and for the dissemination of advance release calendars since September 18, 2000. The National Summary Data Page and the Data Template on International Reserves and Foreign Currency Liquidity were hyperlinked to the IMF's Dissemination Standards Bulletin Board on April 24, 1997 and September 1, 2000, respectively.

5. The three institutions responsible for the compilation and dissemination of the SDDS data categories are the South African Reserve Bank (SARB), the National Treasury (SANT), and Statistics South Africa (Stats SA). The SARB has responsibility for disseminating data on national accounts, the analytical accounts of the banking sector, the analytical accounts of the central bank, general government operations, central government operations, central government debt, interest rates, exchange rates, share-price indices, balance of payments, the international investment position, and the template on international reserves and foreign currency liquidity. The SANT is responsible for compiling and disseminating data on the national budget (budgetary central government operations). Stats SA compiles and disseminates data on the national accounts, the manufacturing production index, price indices, labor market, and population. In addition, the South African Revenue Service (SARS) is responsible for compilation and dissemination of data on merchandise trade.

6. The authorities provide access to these data through a variety of publication and internet web sites:

- The South African Reserve Bank's web site (<http://www.resbank.co.za>)
- The National Treasury's web site (<http://www.treasury.gov.za>)
- Statistics South Africa's web site (<http://www.statssa.gov.za>)

Data Dimension: Coverage, Periodicity, and Timeliness

7. Table 1 compares South Africa's data dissemination practices with the data dimension (coverage, periodicity, and timeliness) of the SDDS. South Africa meets the data dimension for all data categories, except for employment, unemployment, and debt guaranteed by central government. Since March 2001, the employment data based on the business register are no longer being issued as "official" employment data. With the objective to improve employment data, the authorities have revised the employment survey and have also introduced a new labor force survey. Pending full analysis of these surveys, employment data derived from these two sources are being disseminated in two discussion papers on "Comparative Labour Statistics." Nevertheless, the National Summary Data Page continues to disseminate employment data based on the business register from the discussion papers.

8. Regarding unemployment and debt guaranteed by the central government, South Africa is taking the entitled flexibility option on periodicity and timeliness.³

9. The periodicity and timeliness of wages and earnings, consumer price index, general government operations, analytical accounts of the banking system sector, analytical accounts of the central bank, and merchandise trade, exceed those prescribed by the SDDS (see Table 1).

Access Dimension

10. Advance release calendars giving at least one-quarter ahead notice of approximate release dates, and at least a one-week ahead notice of the precise release dates, are disseminated on the IMF's Dissemination Standards Bulletin Board web site, as well as on respective agency's web site as listed in paragraph 6. Notices to this effect appear in *The Monthly Release of Selected Data* of the SARB and in the statistical releases of Stats SA.

11. Data are released simultaneously to all interested parties, generally on the Internet web sites of the relevant agencies, and on South Africa's National Summary Data Page (<http://dsbb.imf.org/country/zafcats.htm>).

Integrity Dimension

12. The SDDS requires the disclosure of information on laws, regulations, decrees, etc., that govern the collection, compilation, and/or dissemination of data, as well as the confidentiality of the data collected. The terms and conditions under which official statistics are compiled and disseminated in South Africa are available to the public, in electronic and nonelectronic formats, and they provide a legal framework that supports the integrity of the statistical system.

³ The SDDS allows subscribers the use of two flexibility options in recognition of differences in economic structures and institutional arrangements across countries, i.e., for up to two data categories, a subscriber may avail itself of flexibility provisions with respect to periodicity and timeliness.

Box 1. Dimensions and Elements of the Special Data Dissemination Standard (SDDS)

The SDDS prescribes the following practices under each of the identified dimensions:

Data dimension (coverage, periodicity and timeliness)

- the dissemination of 18 data categories, including component detail, covering the four main macroeconomic statistical categories, with prescribed periodicity and timeliness.

Access dimension

- the dissemination of advance release calendars providing at least a one-quarter ahead notice of approximate release dates, and at least a one-week ahead notice of the precise release dates; and
- the simultaneous release of data to all users.

Integrity dimension

- the dissemination of the terms and conditions under which official statistics are produced and disseminated;
- the identification of internal government access to data before release;
- the identification of ministerial commentary on the occasion of statistical release; and
- the provision of information about revision and advance notice of major changes in methodology.

Quality dimension

- the dissemination of documentation on statistical methodology and sources used in preparing statistics; and
- dissemination of component detail and/or additional data series that make possible cross-checks and checks of reasonableness.

Subscribers are required:

- to post descriptions of their data dissemination practices (metadata) on the IMF's Dissemination Standards Bulletin Board. Summary methodologies, which describe data compilation practices in some detail, are also disseminated on the Dissemination Standards Bulletin Board.
- to maintain an Internet web site, referred to as the National Summary Data Page, which contains the actual data described in the metadata, and to which the Dissemination Standards Bulletin Board is electronically linked.

At its March 29, 2000 meeting on the Third Review of the Data Standard Initiatives, the Executive Board of IMF approved the incorporation of a new SDDS data category on external debt. The transition period for implementing this data category expires in March 2003. Directors also confirmed the transition period for data on the international investment position to expire on December 31, 2001 and approved the timeliness to be of a maximum of nine months.

As a result of this meeting, IMF staff also began monitoring observance of the standard through subscribers' National Summary Data Pages maintained on the Internet. Monitoring commenced from July 2000, and is limited to the coverage, periodicity, and timeliness of the data, and to the dissemination of advance release calendars.

Table 1. South Africa: Overview of Current Practices Regarding Coverage, Periodicity, and Timeliness of Data Compared to the Special Data Dissemination Standard

SDDS Data Category	Coverage (meets SDDS requirement)	Periodicity		Timeliness		Comments
		SDDS	South Africa	SDDS	South Africa	
Real Sector						
National Accounts	Yes	Q	Q	Q	60 days	The national accounts on a production basis is released within 60 days. However, data on the expenditure basis is released within 90 days.
Production index/indices	Yes	M	M	6W (M encouraged)	6W	
Employment	Yes	Q	Q	Q	Within 12 weeks	The authorities are improving the labor market statistics though better survey coverage.
Unemployment	Yes	Q	A	Q	Within 12 months	Flexibility option for periodicity and timeliness.
Wages/Earnings	Yes	Q	Q	Q	Within 12 weeks	
Consumer price index	Yes	M	M	M	3 weeks	
Producer price index	Yes	M	M	M	M	
Fiscal Sector						
General government operations	Yes	A	Q	2Q	10 weeks	
Central government operations	Yes	M	M	M	1 month	Budgetary central government operations.
Central government debt	Yes	Q	M	Q	1 month	Flexibility option is used for central government guaranteed debt. Government guaranteed debt data are available on an annual basis with timeliness of 12 months after the end of reference period.

Table 1. South Africa: Overview of Current Practices Regarding Coverage, Periodicity, and Timeliness of Data Compared to the Special Data Dissemination Standard

SDDS Data Category	Coverage (meets SDDS requirement)	Periodicity		Timeliness		Comments
		SDDS	South Africa	SDDS	South Africa	
Financial Sector						
Analytical accounts of the banking sector	Yes	M	M	M	About 3 weeks	Data released on the 21 st business day after the reference period.
Analytical accounts of the central bank	Yes	M (W recommended)	M	2W (W encouraged)	6 working days	
Interest rates	Yes	D	D	...	1-30 days	
Stock market	Yes	D	D	...	D	
External Sector						
Balance of payments	Yes	Q	Q	Q	Q	
International reserves	Yes	M (W recommended)	M	W	W	
Reserves template	Yes	M	M	M	M	
Merchandise trade	Yes	M	M	8W (4-6 W encouraged)	4 weeks	
International investment position	Yes	A (Q recommended)	A	2Q (Q encouraged)	A	Transition plan is to meet the timeliness requirement by September 2002.
Exchange rates	Yes	D	D	D	D	
Addendum: Population	Yes	A	A	...	M	Timeliness is within one month after the mid-year.

Note: Periodicity and timeliness: (D) daily; (W) weekly or with a lag of no more than one week from the reference data or the closing of the reference week; (M) monthly or with a lag of no more than one month; (Q) quarterly or with a lag of no more than one quarter; (A) annually; and (...) not applicable, as these are widely available from other published sources.

13. Practices on internal access prior to public release and ministerial commentary are disseminated on the Dissemination Standards Bulletin Board for the data categories to which

they apply.⁴ SDDS data disseminated by the SARB are not provided to government officials outside the SARB before their release to the public. Data disseminated by Stats SA are provided to a few specifically listed officials under a lock-up system. Under this system, the approved officials are given the press release one hour before the embargo time in a secure room at Stats SA in Pretoria and remain incommunicado in that secure room until embargo time. Data disseminated by the SANT are not provided to other officials prior to their release to the public, except for the merchandise trade statistics; the *Preliminary Statement of Trade Statistics* is made available to the SARB on an embargo basis at least three hours before general release.

14. Data are released with no ministerial commentary attached, except for central government operations and central government debt, which have explanatory commentary by the Director-General of the SANT in a monthly press release. This press release accompanies the publication of the *Statement of Revenue, Expenditure and Borrowing* and of the *Exchequer Account*. The press release accompanied the Exchequer Account until March 2000. Since April 2000 the published Exchequer Account was replaced with the Statement of Revenue, Expenditure and Borrowing which is accompanied by a press release.

Quality Dimension

15. Summary methodology statements for all data categories, except for merchandise trade and the exchange rates, have been provided to the IMF. As of May 2001, eight summary methodology statements had been posted on the Dissemination Standards Bulletin Board and are accessible at <http://dsbb.imf.org/summeth.htm>.⁵ The others are being reviewed by the IMF's Statistics Department and the authorities. South African statistical agencies also disseminate component details and relevant data series that make cross-checks and checks of reasonableness for all data categories possible, as prescribed by the standard.

Monitoring of Data

16. In accordance with the outcome of the Third Review of the Data Standard Initiative, the IMF staff began monitoring subscribers' performance under the SDDS in July 2000. Monitoring of SDDS observance is limited to the coverage, periodicity, and timeliness of the data and to the dissemination of advance release calendars.⁶ Since monitoring began, South

⁴ These data categories are national accounts on a production basis, production index, labor market indicators, consumer and producer price indices, central government debt, and merchandise trade.

⁵ As of September 2001, all summary methodology statements submitted by the authorities have been posted on the Dissemination Standards Bulletin Board.

⁶ Monitoring is carried out against the release dates stated in the advance release calendars and the metadata, i.e., to verify not only that the data are released according to the calendar but also that the data disseminated correspond to the metadata posted on the Dissemination

(continued)

Africa's dissemination practices have been in observance with the Standard's requirements, and the dissemination of data on the National Summary Data Page has been timely.

III. SUMMARY ASSESSMENT OF DATA QUALITY

A. The Framework for Assessing Data Quality

17. Work toward developing a framework for assessing the quality of data has been under way in the IMF's Statistics Department for some time. This initiative derives from the objectives of complementing the dimensions of the SDDS with a consideration of the quality of the data being disseminated, and of focusing more closely on the quality of the data that underpin surveillance of countries' economic policies. Against this background, the Statistics Department of the IMF has developed a tool to provide a structure and a common language to assess data quality. The DQAF that has emerged comprises a generic framework⁷ that brings together internationally accepted core principles for official statistics and provides an overarching structure for dataset-specific frameworks (for national accounts, balance of payments, monetary, government finance, and price statistics) that are organized around indicators of quality.

18. This DQAF covers five key dimensions of data quality and a set of prerequisites that provide a common frame of reference for the assessment of quality. These dimensions are integrity, methodological soundness, accuracy and reliability, serviceability, and accessibility. The description of these dimensions is provided in Section B below.

19. A central feature of this framework is its structure, which focuses on principles of quality that are organized in an orderly progression from the abstract to the more specific.⁸ Thus, for each of the five dimensions and the set of prerequisites, a set of elements, indicative of desirable practices, and a group of indicators or pointers to these practices have been developed.

20. The information resulting from the application of this framework to the South African statistical system is presented below. An assessment of five macroeconomic datasets (national accounts, consumer and producer price indices, government finance, monetary, and the balance of payments statistics) was conducted using the frame of reference provided by

Standards Bulletin Board. Other elements of the SDDS are on a self-disclosure basis by subscribers, that is, the subscribers are asked to confirm on a quarterly basis that their descriptions of their practices are accurate.

⁷ Information on data quality could be found at the IMF web site on the "Data Quality Reference Site" (<http://dsbb.imf.org/dqrs.index.htm>).

⁸ See Carol S. Carson, "Toward a Framework for Assessing Data Quality," IMF Working Paper 01/25, 2001, also available at http://dsbb.imf.org/dqrs_work.htm.

each dataset-specific DQAF. On the basis of this information, summary assessments were prepared. The mission's conclusions are also presented in the form of standardized summary tables in which the assessment of data practices is made on a qualitative basis, using a four-part scale (Tables 2.1–2.6).

B. Summary of Findings

21. South Africa's macroeconomic statistics and statistical base are adequate to conduct effective surveillance. Nevertheless, IMF staff identified shortcomings in some statistical practices that have the potential for detracting from the accurate and timely analysis of economic and financial developments, and the formulation of appropriate policies. The main findings are presented below according to the structure of the DQAF.

Prerequisites of quality

Quality, as defined in the framework, encompasses quality of the institution or system behind the production of the data as well as the quality of the individual data product. This approach is rooted in the United Nations Fundamental Principles of Official Statistics and in the more traditional quality-of-the-product approach. In the DQAF, the zero category, prerequisite of quality, serves to capture this systemic perspective.

22. The compilation and dissemination of official statistics in South Africa are governed by the Statistics Act, 1999. The Act provides for: "...a Statistician General as head of Statistics South Africa, who is responsible for the collection, production, and dissemination of official and other statistics, and for coordination among producers of statistics." It specifies that official statistics must be "relevant, accurate, reliable, and timely; objective and comprehensive; compiled, reported, and documented in a scientific and transparent manner; be disseminated impartially; be accessible; be in accordance with appropriate national and international standards and classifications; and be sensitive to distribution by gender, disability, region, and similar socio-economic features."

23. Authorized resources, including modern computing technology support, appear to be adequate for the current operational work of Stats SA, but resource constraints limit future statistical development. Quality is a central focus of the work of the agency, as evidenced by references to quality in numerous internal documents and external publications, and the ambitious program in train for further statistical improvements. Legal sanctions for nonresponse are available, although they are reportedly never used. An independent body, the Statistics Council of South Africa, meets regularly to provide advice on statistical issues of current interest.

24. Government finance statistics are compiled and disseminated by three agencies. Fiscal data compiled and disseminated by the SANT are governed by the Public Finance Management Act, 1999 (PFMA), as amended on April 1, 2000. Confidentiality provisions are sound, and resources (staff and computer) are adequate for the tasks being undertaken, although resource constraints have influenced the division of tasks across the agencies. Many

elements of the compilation and dissemination of government finance statistics are carried out by the SARB; Stats SA is responsible for local government statistics. Stats SA also publishes an annual analysis of the general government accounts according to the final Auditor-General Reports. Data sharing and coordination among the various agencies involved is adequate.

25. Statistical work of the SARB is governed by the 1996 Constitution of South Africa, which guarantees the independence of the institution; by the South Africa Reserve Bank Act, 1989, which stipulates its central bank functions; and by earlier government notices. The SARB is clearly identified in official publications as the compiler and producer of monetary statistics. Balance of payments statistics have long been a SARB responsibility. The SARB, for historical reasons and because of relative resource availability, undertakes also the compilation and dissemination of the expenditure side of national accounts compilation and government finance statistics. Insofar as the SARB undertakes work beyond its immediate monetary policy responsibilities (for instance in national accounts compilation), it is subject to the Statistics Act, and its statistical work has to be endorsed by the Statistician General.

26. Resources, including computer facilities support, are adequate for the SARB's responsibilities. Arrangements are in place for the smooth interaction of the various departments involved in the compilation of its statistics. There are no formal channels for consulting with users (such as a users' committee), but SARB staff are readily accessible and are involved in frequent bilateral interaction with users. There is a strong awareness of quality considerations, as evidenced for instance by the application of many editing and valuation checks at the SARB on the returns of other depository corporations (ODCs) before they are entered into the system. The SARB claims a high response rate to its surveys resulting from the incentive provided by sharing the output of the surveys with the respondents. There are established procedures for cooperation within the SARB for the purpose of compiling monetary and balance of payments statistics, as well as established rules to ensure that respondents' data are kept confidential and are used only for statistical purposes.

27. Coordination between the compiling and disseminating agencies appears to be effective. In addition to formal committees, coordination involves informal ad hoc meetings between the responsible officials in the various agencies. Among the formal committees, the Classification Committee, chaired by the SARB, and including the SANT, Stats SA, and the Accountant General's Department, ensures an appropriate classification (*GFS86*) for government finance statistics. With regard to reporting information, there is no evidence of duplication of efforts. However, potential inefficiencies may arise due to uncertainties in the legislative background.

Integrity

Integrity identifies features that support firm adherence to objectivity in the collection, compilation, and dissemination of statistics. Professionalism and technical standards should guide policies and practices, which should be reinforced by their transparency.

28. Practices are in place at Stats SA to ensure professionalism in statistical policies and practices, transparency, and ethical standards, as covered by the public sector code of conduct. The professional independence of Stats SA is recognized in the Statistics Act, 1999, which stipulates that statistics must be disseminated impartially. Sources and techniques are selected purely on statistical grounds. All data are released simultaneously to the public, following the lifting of the pre-release embargo. Stats SA products are protected by copyright, and attributed to Stats SA. Staff may follow up on public misinterpretation of statistics.

29. Similarly, statistical activities at the SANT are marked by a high degree of professionalism ensured by the public sector code of conduct, and by the requirements of the Statistics Act, 1999, as well as by the Public Finance Management Act, 1999, which seeks to secure transparency, accountability, and sound management of government finances. Staff may follow up on public misinterpretation of statistics.

30. The SARB compiles statistics on an impartial basis. Staff are free to choose the most appropriate data sources. Data disseminated in the SARB's *Quarterly Bulletin* are clearly attributed to the originating agency. The SARB has a formal code of conduct, and staff behavior is motivated by high standards of professionalism; prohibition of disclosure of information is established by the South Africa Reserve Bank Act, 1989. The SARB seeks to prevent misuse of monetary and balance of payments statistics by providing explanatory notes at the time the data are released and following up on any misrepresentation of the statistics. Advance notice is given of significant changes in sources and methods in the official publications and in research papers (e.g., plans to introduce revised bank returns or changes in balance of payment methodology toward *BPM5*).

Methodological soundness

Methodological soundness refers to the application of international standards, guidelines, and agreed practices and is indicative of the soundness of concepts and definitions, scope, classification and sectorization, and basis for recording. This dimension will, by necessity, be dataset specific, reflecting specific standards (for example, the 1993 System of National Accounts (1993 SNA) for national accounts and the fifth edition of the Fund's Balance of Payments Manual (BPM5) for balance of payments).

31. The overall structure of the **national accounts** follows internationally accepted standards and recommendations (1993 SNA). The delimitation of the economy, the production and assets boundaries, and the classifications used are largely in accordance with internationally recommended systems. However, some government-related transactions are

recorded on a cash basis instead of an accrual basis, due to the limitations of source data. For the same reason, as well as for methodological reasons, valuables, historical monuments and agricultural work in progress have not been included in the measurement of assets.

32. The **CPI and PPI** are based on internationally endorsed standards and recommendations, and use classifications compatible with internationally recommended systems.

33. The labor market estimates are based on internationally accepted standards and recommendations, and use classifications compatible with internationally recommended systems.

34. The three agencies (the SARB, the SANT, and Stats SA) involved in the compilation of **government finance statistics** broadly follow the internationally accepted standard of *Government Finance Statistics Manual 1986 (GFS86)*. These agencies, as well as the Auditor-General are involved in the compilation of source data which is used by the SARB to compile the government finance statistics reported according to the SDDS Standards. Government finance statistics cover the operation of consolidated central government (budgetary central government, extra-budgetary funds, and social security funds), general government (consolidated central government, provincial governments, and local governments), as well as central government debt. The SARB compiles government finance statistics data strictly using the *GFS86* standard in terms of classification, a cash basis of recording, and makes detailed data available on a gross basis. In addition, data are available with limited details on nonfinancial public sector borrowing requirement and surplus/deficit of the nonfinancial public enterprises.

35. Transition plans are being developed for the implementation of the new GFS Manual (presently in draft form) which recommends accrual accounting. The PFMA and the Municipal Finance Management Bill, 2001 require financial reports of all levels of government to be on an accrual basis as specified by the Accounting Standards Board, which is responsible for the development of generally recognized accounting practices (GRAP). The Act requires that the SANT and provincial governments prepare consolidated financial statements according to GRAP by April 2003. The Board will prescribe a uniform accounting and financial reporting system and will set a timeframe for implementation.

36. The analytical framework used by the SARB for compiling **monetary statistics** reflects concepts and definitions that are, in general, based on the *Monetary and Financial Statistics Manual (MFSM)*. The SARB prepares a depository corporations survey (DCS) that consolidates the accounts of the central bank with the Corporation for Public Deposits (CPD), and the aggregated balance sheets of ODCs. The last comprises 58 banks, 2 mutual banks, the Land Bank, and the Postbank. The DCS therefore provides a broad institutional coverage of the domestic banking system. Plans are being developed by the SARB to achieve greater consistency between the analytical framework now in place and the *MFSM*. In this connection, the possibility of introducing additional sectoral breakdowns consistent with the *MFSM* and of producing a financial corporations survey are being considered.

37. The DCS serves as the basis for the calculation of monetary aggregates, including several measures of money. The broadest measure of money (M3) includes financial instruments that are close substitutes for deposit money. The monetary statistics distinguish between foreign and domestic claims and liabilities. The principles underlying the valuation of financial assets and liabilities are, in general, consistent with the *MFSM* (e.g., financial assets and liabilities are valued at market prices). The accrual-accounting principles recommended in the *MFSM* are applied to financial transactions and are therefore reflected in the positions at the end of the accounting period. Accrued interest is allocated to specific instruments and classified by sector. During 2000, unclassified assets constituted 15 percent on average of the total assets in the depository corporations survey, while unclassified liabilities made up 17 percent of total liabilities during the same period. Work is in progress at the SARB to improve the classification and sectorization of accounts as part of an extensive review of the money and banking database.

38. South Africa's **balance of payments statistics** are compiled in broad conformity with guidelines presented in *BPM5*. Transactions are recorded at market prices and converted to rand at the rates prevailing at the time of the transaction. In principle, balance of payments is compiled on an accrual basis, using survey information and applying various adjustments (for instance for timing differences) to ensure the uniform classification of information. However, there are deficiencies in the coverage, valuation, and classification of the reserve assets component, as well as in the coverage of some service transactions, mainly travel and construction service components. Only partial data are compiled on communication services, and coverage of reinvested earnings on direct investment is limited to foreign branches of domestic depository corporations. Investment income is classified as direct investment income and other investment income, the latter comprises portfolio and other investment income. No distinction is made between monetary and non-monetary gold, and gold exports in current account are compiled on a net basis. Securities that are borrowed or acquired under repurchase agreements are mainly recorded as securitized loans. Financial derivatives are compiled for depository institutions.

Accuracy and reliability

Accuracy and reliability identifies features contributing to the goal that the data portray the reality of the economy. Elements include identified features of source data, statistical techniques, and supporting assessments and analysis. Data should sufficiently portray reality at all stages of dissemination, from "flash" to "final" estimates. Data should also be routinely assessed for errors, discrepancies be investigated, and revisions studies be published.

39. The source data for compiling the **national accounts** are obtained largely from the survey program of Stats SA, supplemented by data from administrative, regulatory and other sources. The currently published estimates are based on a system of periodic benchmarks carried forward on a set of annual and quarterly indicators. To the extent that survey scope and coverage may not be complete for some areas, national accounts estimation procedures

supplement the survey source data with estimates based on related information. The new comprehensive economic survey program, along with systematic use of administrative data, which is currently being implemented for economic statistics, will materially assist both Stats SA and the SARB in their efforts to monitor and improve the quality of the national accounts estimates. The current national accounts estimates are based on sound methods and procedures, including validation and cross-checks of source data and of various components of national accounts.

40. The **CPI** is compiled using internationally accepted procedures and methods. The weights are obtained from a household income and expenditure survey. The price collection does not cover rural areas, but the impact of this exclusion is currently being investigated.

41. The **PPI** methodology and procedures are in general sound. The weights are obtained from a comprehensive data collection program, and specified prices are collected for the principal commodities produced, imported, and exported. However, some technical issues still need to be resolved.

42. The methodology and survey techniques for the employment survey are sound and follow internationally accepted practices. However, the survey frame has been based on the old business register, with resulting undercoverage in some activity areas that have potentially large numbers of small unincorporated businesses. With the implementation of the new business register/frame, it has become possible to design a comprehensive stratified sample survey of all employers above an exclusion threshold (VAT registration), which, within the next twelve months, should provide comprehensive coverage of employment. Supplemented with data on the zero-employee businesses (the self-employed) from the household-based Labor Force Survey, this should provide a solid base for analysis of the structure of employment as well as trends by activity.

43. **Government finance statistics** are compiled using comprehensive data sources, mostly from public records with supplementary information from the depository corporation subsector. Source data from financial reports of general government entities have sufficient detail to allow consolidation of data for different levels of government. To ensure that data are on a cash basis, corresponding account balances from the banking system are also used to make the necessary adjustments. The Vulindlela (“open the way”) information management system enables the matching of detailed treasury accounts with the *GFS86* classification. There are no material gaps in the coverage of data collection. Quarterly data for operations of extra-budgetary funds, social security funds, and local government are derived from sample surveys. The samples normally cover 80 percent of total value. Preliminary data are timely and revised systematically when actual data become available. Revision analysis is done internally on a regular basis as part of operations, and necessary steps are taken when needed to ensure accuracy of the data. The inter-agency Classification Committee oversees the accuracy and reliability of government finance statistics.

44. **Monetary statistics** are compiled on the basis of accounting records of the SARB and individual report forms of ODCs prepared according to the Generally Accepted

Accounting Principles (GAAP) in South Africa. The reported data are disaggregated in terms of instruments and sectors to provide sufficient information to derive monetary statistics broadly in line with the *MFSM*. Report forms used by ODCs are revised every two-three years to incorporate new data requirements resulting from changes in international standards and developments in financial instruments. There is scope for improvement in the reclassification of “other assets” and “other liabilities”, and the SARB is considering options to obtain additional information required from reporting institutions. Electronic reporting and data processing, automated validation procedures, and documentation of data compilation practices contribute to the production of accurate, timely, and reliable monetary statistics.

45. The SARB’s comprehensive data collection program for **balance of payments statistics** comprise 12 surveys it conducts itself to collect financial flow data; the trade statistics compiled by the SARS; and the survey of trading statistics of hotels conducted by Stats SA. Data from primary sources are supplemented by administrative data including information from foreign exchange transactions records. The data sources are reviewed continuously to ensure that the data collection program remains comprehensive. The primary data sources are timely and broadly sufficient to compile balance of payments statistics. The SARB employs comprehensive estimation techniques to address deficiencies in coverage of source data, including timing and valuation adjustments to merchandise trade with the Southern Africa Customs Union (SACU), and services transactions (passenger transportation, travel, and insurance components). Primary data sources are routinely assessed and validated against other available information (e.g., exchange control records and other administrative data). Price/value analysis of merchandise trade data is conducted by the SARS and the SARB. This analysis is followed by time-series analysis of freight earnings in relation to trade flows and by bilateral reconciliation of data with SACU countries.

Serviceability

Serviceability focuses on practical aspects of how well a dataset meets users’ needs. Elements include the extent to which data are produced and disseminated in a timely fashion, with appropriate periodicity, are relevant, are consistent internally and with other datasets, and follow a predictable revisions policy.

46. The **national accounts** compilation and dissemination program responds well to user needs. Evaluation of user needs is based on frequent and detailed assessments conducted through consultations with a broad cross-section of users, through surveys, workshops, conferences and special studies. The data are consistent internally and over time. The statistical discrepancy, which ranges between ½ to 1 percent, is published. The revision schedule of the national accounts estimates follows a regular well-publicized pattern.

47. The **CPI and the PPI** meet user requirements, based on regular and detailed user feedback, obtained through surveys, workshops, technical advisory committees, and consultations with experts. The indices are consistent over time.

48. The new employment survey has been developed in response to user needs ascertained through technical advisory committees, advice from international experts, user workshops, and surveys.

49. **Government finance statistics** broadly meet users' needs, in particular, for purposes of fiscal policy development and monitoring. The three agencies disseminate various aggregates of government finance statistics, up to operations of general government, that serve users reasonably well. Government finance data are internally consistent, with the deficit on a cash basis corresponding to total financing on a cash basis. Data are also reconcilable externally with data from other sectors—national accounts, the depository corporations subsector, and balance of payments. The status of the data (preliminary or revised) is identified and appropriate notes are presented explaining reasons for significant changes in the time series.

50. The **monetary statistics** compilers at the SARB review developments in the domestic and international financial system on an ongoing basis to identify any new financial instruments affecting the collection and compilation of monetary statistics in South Africa. The metadata for South Africa posted on the Dissemination Standards Bulletin Board states that data for the analytical accounts of the central bank (CBS) are final when first released, while those for the banking sector (DCS) are preliminary and revised with final data the following month. National publications do not explain the revision policy for monetary statistics. In practice, monetary statistics data are considered final when first released (ODCs rarely submit revisions) and are disseminated simultaneously to the public on the SARB's site on the Internet and in hardcopy. The returns of individual depository corporations are posted on the SARB's web site after the consolidated data have been published.

51. Monetary statistics are consistent over time. Automated checks are undertaken to assess the internal consistency of the reported data as well as the time series maintained in the money and banking statistics database. Monetary statistics are generally consistent with other statistical systems, although potential inconsistencies exist with regard to the sectorization of local governments. These are properly sectorized as a subsector of general government in the flow of funds accounts, but are treated as part of the private sector in the monetary statistics. However, it is possible to reconcile both sets of data (flow of funds and monetary) since local governments are separately identified in the monetary accounts.

52. **Balance of payments statistics** are consistent over time. Notice of major changes in methodology is given in all statistical releases at the time of a change. Balance of payments data are reconciled with the national accounts. Financial account transaction flows are reconciled with changes in the stock of foreign debt on a semi-annual basis, and with the international investment position data on an annual basis. Data for the last four years are considered to be preliminary and subject to revision. Users are informed about the main causes of any revisions in the data. Revisions were made to historical data on gold exports for 1992–96 during 1996 in light of new information on forward gold sales. Over the long run, the net errors and omissions item has been insignificant.

Accessibility

Accessibility deals with the availability of information to users. Elements of this dimension refer to the extent to which data and metadata are clear and easily available and to which assistance to the user is adequate to help them find and use the data.

53. The dissemination of **national accounts**, price, and employment statistics and the corresponding metadata meet user needs. Both Stats SA and the SARB provide high-quality user advisory services and support, including making the data and metadata available both in a range of hard copy publications and in electronic form on the respective web sites. The practice of advance release calendars and announcements of forthcoming statistical or methodological changes, and of workshops, is particularly well developed.

54. **Government finance statistics** are disseminated in detail sufficient for fiscal policy analysis and monitoring. Data are disseminated both in hard copy and electronically. Detailed methodology descriptions are not available. However, a summary methodology description is disseminated on the IMF's Dissemination Standards Bulletin Board. The SANT publishes a brief methodology as an annex to the annual *Budget Review*. Information on contact persons is provided. Each agency disseminating fiscal data provides its own advance release calendar with respect to its area of responsibility. Data are released simultaneously to all users.

55. **Monetary statistics** are widely accessible and their interpretation is enhanced by dissemination of tables, charts, and text. Data are available in several formats including monthly, quarterly and annual SARB reports and on the SARB's Internet web site. Users are informed of the dissemination of new data through the publication of advance release calendars on the web site of the SARB that meet the requirements of the SDDS. Brief methodological notes are included in the SARB's *Quarterly Bulletin*. The SARB is considering the possibility of disseminating more extensive methodologies on the compilation of monetary statistics. In the meantime, users with access to the internet may consult the metadata on compilation and dissemination practices, as well as summary methodologies that describe the broad scope, concepts, and definitions used in compiling monetary data currently available on the IMF's Dissemination Standards Bulletin Board. Assistance to users is facilitated by the availability of contact information from South Africa's page on the IMF's Dissemination Standards Bulletin Board and in the SARB's *Quarterly Bulletin*. Nonpublished but nonconfidential data are available upon request from the SARB.

56. The SARB's *Quarterly Bulletin* contains quarterly **balance of payments** data and provides a breakdown of official reserves between Special Drawings Rights and foreign exchange. To meet users' needs, explanatory notes are published in the *Quarterly Bulletin*, the *Monthly Abstract of Foreign Trade*, and also in the annual *Foreign Trade Statistics*. An advance release calendar that gives one-quarter-ahead notice of the precise release dates is disseminated on the SARB's Internet web site. The data are released simultaneously to all interested parties. Balance of payments sub-aggregates are made available upon request. A

catalogue of publications, documents, and other services to users is maintained and updated each year.

**Table 2.1 Data Quality Assessment Framework:
Summary Presentation of National Accounts**

Country: South Africa

Elements	NA	Assessments				Comments
		O	LO	LNO	NO	
Prerequisites of quality						
0.1 Legal and institutional environment		X				Resources are adequate for ongoing operations but impose constraint on developmental work.
0.2 Resources			X			
0.3 Quality awareness		X				
1. Integrity						
1.1 Professionalism		X				
1.2 Transparency		X				
1.3 Ethical standards		X				
2. Methodological soundness						
2.1 Concepts and definitions		X				The scope is observed in principle, but cannot be fully implemented because of source data constraints. The CPC has not been implemented for classifying commodities and COFOG has not been used to classify government transactions. Intra-company transfers are currently valued at cost. Government revenue, except for extraordinary items, is recorded on a cash basis. Crops are not recorded on a work-in-progress basis.
2.2 Scope			X			
2.3 Classification/sectorization			X			
2.4 Basis for recording			X			
3. Accuracy and Reliability						
3.1 Source data			X			Source data need to be expanded and data collections deepened to provide better structural detail and reveal emerging trends, especially in the production of services.
3.2 Statistical techniques		X				
3.3 Assessment and validation		X				
3.4 Revision studies		X				
4. Serviceability						
4.1 Relevance		X				
4.2 Timeliness and periodicity		X				
4.3 Consistency		X				
4.4 Revision policy and practice		X				
5. Accessibility						
5.1 Data accessibility		X				
5.2 Metadata accessibility		X				
5.3 Assistance to users		X				

Note: NA= Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed

**Table 2.2 Data Quality Assessment Framework:
Summary Presentation of Consumer Price Index (CPI)**

Country: South Africa

Elements	NA	Assessments				Comments
		O	LO	LNO	NO	
Prerequisites of quality						
0.1 Legal and institutional environment		X				Resources are adequate for ongoing operations but impose constraint on developmental work.
0.2 Resources			X			
0.3 Quality awareness		X				
1. Integrity						
1.1 Professionalism		X				
1.2 Transparency		X				
1.3 Ethical standards		X				
2. Methodological soundness						
2.1 Concepts and definitions		X				Price observations are not collected for rural areas.
2.2 Scope			X			
2.3 Classification/sectorization		X				
2.4 Basis for recording		X				
3. Accuracy and Reliability						
3.1 Source data			X			The collection and compilation process of households surveys is being improved.
3.2 Statistical techniques			X			The treatment of a new products and quality change needs review.
3.3 Assessment and validation		X				
3.4 Revision studies		X				
4. Serviceability						
4.1 Relevance		X				
4.2 Timeliness and periodicity		X				
4.3 Consistency		X				
4.4 Revision policy and practice		X				
5. Accessibility						
5.1 Data accessibility		X				
5.2 Metadata accessibility		X				
5.3 Assistance to users		X				

Note: NA= Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed

**Table 2.3 Data Quality Assessment Framework:
Summary Presentation of Production Price Index**

Country: South Africa

Elements	NA	Assessments				Comments
		O	LO	LNO	NO	
Prerequisites of quality						
0.1 Legal and institutional environment		X				Resources are adequate for ongoing operations but impose constraint on developmental work.
0.2 Resources			X			
0.3 Quality awareness		X				
1. Integrity						
1.1 Professionalism		X				
1.2 Transparency		X				
1.3 Ethical standards		X				
2. Methodological soundness						
2.1 Concepts and definitions		X				Need to fully implement SIC and CPC, and compile indices according to SIC classes.
2.2 Scope		X				
2.3 Classification/sectorization			X			
2.4 Basis for recording		X				
3. Accuracy and Reliability						
3.1 Source data			X			More frequent weight base changes are desirable. Treatment of quality change and new products needs review
3.2 Statistical techniques			X			
3.3 Assessment and validation		X				
3.4 Revision studies		X				
4. Servicability						
4.1 Relevance		X				
4.2 Timeliness and periodicity		X				
4.3 Consistency		X				
4.4 Revision policy and practice		X				
5. Accessibility						
5.1 Data accessibility		X				
5.2 Metadata accessibility		X				
5.3 Assistance to users		X				

Note: NA= Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed

**Table 2.4 Data Quality Assessment Framework:
Summary for Presentation of Government Finance Statistics**

Country : South Africa

Elements	NA	Assessments				Comments
		O	LO	LNO	NO	
Prerequisites of quality						
0.1 Legal and institutional environment		X				
0.2 Resources		X				
0.3 Quality awareness		X				
1. Integrity						
1.1 Professionalism		X				
1.2 Transparency		X				
1.3 Ethical standards		X				
2. Methodological soundness						
2.1 Concepts and definitions		X				
2.2 Scope		X				
2.3 Classification/sectorization		X				
2.4 Basis for recording		X				
3. Accuracy and Reliability						
3.1 Source data		X				
3.2 Statistical techniques		X				
3.3 Assessment and validation		X				
3.4 Revision studies		X				
4. Serviceability						
4.1 Relevance		X				Government guaranteed debt data should be disseminated at least on a quarterly basis, with timeliness of one quarter after reference period.
4.2 Timeliness and periodicity			X			
4.3 Consistency		X				
4.4 Revision policy and practice		X				
5. Accessibility						
5.1 Data accessibility		X				More detailed methodology should be made available with easier access.
5.2 Metadata accessibility			X			
5.3 Assistance to users		X				

Note: NA= Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed

**Table 2.5 Data Quality Assessment Framework:
Summary Presentation of Monetary Statistics^{1/}**

Country: South Africa

Elements	NA	Assessments				Comments
		O	LO	LNO	NO	
Prerequisites of quality						
0.1 Legal and institutional environment		X				
0.2 Resources		X				
0.3 Quality awareness		X				
1. Integrity						
1.1 Professionalism		X				
1.2 Transparency		X				
1.3 Ethical standards		X				
2. Methodological soundness						
2.1 Concepts and definitions		X				Insufficient level of disaggregation of some financial assets and liabilities by instrument and by creditor/debtor sector (e.g., corporations into financial and nonfinancial). (A plan is underway to improve sectorization and classification with new detailed information being collected from ODCs since January 2001.)
2.2 Scope		X				
2.3 Classification/sectorization			X			
2.4 Basis for recording		X				
3. Accuracy and Reliability						
3.1 Source data			X			Large amounts reported for unclassified assets and liabilities. Additional information from ODCs is required.
3.2 Statistical techniques		X				
3.3 Assessment and validation		X				
3.4 Revision studies		X				
4. Serviceability						
4.1 Relevance			X			Expand coverage of data to obtain greater consistency with <i>MFSM</i> by preparing/publishing a survey of other financial corporations, and a financial corporations survey, using data currently compiled by the SARB.
4.2 Timeliness and periodicity		X				
4.3 Consistency		X				National publications do not explain the revision policy for monetary statistics.
4.4 Revision policy and practice			X			
5. Accessibility						
5.1 Data accessibility		X				Insufficient information on methodology is currently available in national publications.
5.2 Metadata accessibility			X			
5.3 Assistance to users		X				

Note: NA= Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed

^{1/} Assessment using the Depository Corporations Survey as the reference point.

**Table 2.6 Data Quality Assessment Framework:
Summary Presentation of Balance of Payments**

Country: South Africa

Elements	NA	Assessments				Comments
		O	LO	LNO	NO	
Prerequisites of quality						
0.1 Legal and institutional environment		X				
0.2 Resources		X				
0.3 Quality awareness		X				
1. Integrity						
1.1 Professionalism		X				
1.2 Transparency		X				
1.3 Ethical standards		X				
2. Methodological soundness						
2.1 Concepts and definitions			X			Deficiencies in coverage, valuation, and classification of the reserve assets component. Gold transactions are presented on a net basis.
2.2 Scope			X			
2.3 Classification/sectorization			X			
2.4 Basis for recording			X			
3. Accuracy and Reliability						
3.1 Source data			X			Partial coverage of service transactions and of trade with SACU countries.
3.2 Statistical techniques			X			
3.3 Assessment and validation			X			
3.4 Revision studies			X			
4. Serviceability						
4.1 Relevance		X				
4.2 Timeliness and periodicity		X				
4.3 Consistency		X				
4.4 Revision policy and practice		X				
5. Accessibility						
5.1 Data accessibility		X				Publication on sources and methods to be updated.
5.2 Metadata accessibility			X			
5.3 Assistance to users		X				

Note: NA= Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed

IV. STAFF RECOMMENDATIONS

57. Based on the results of the data quality assessment, discussions with the South African authorities in the respective statistical agencies, and responses from data users, the following measures are proposed to increase further South Africa's adherence to international statistical standards.

Institutional Arrangements

- Strengthen inter-agency coordination and cooperation in the compilation of macroeconomic statistics, notably government finance statistics, and formalize arrangements as needed through memoranda of understanding, and, ultimately, through legal reinforcement.

National Accounts

- Extend structural detail, especially in the services area, both in the industry and in the commodity dimension. Particular emphasis needs to be given to emerging service activities that have a large concentration of small establishments, and to goods and services originating with tourism-related industries (such as accommodation services, restaurants, entertainment and recreation, and travel agencies), as an input to the balance of payments compilation and for development of the supply side of tourism satellite accounts.
- Develop the commodity dimension of production, as part of the implementation of the Central Product Classification (CPC) throughout the system.

Consumer Price Index (CPI)

- Extend price collection to rural areas and compile and publish the total CPI including rural areas.
- Review and enhance procedures for the introduction of new products and treatment of quality change, where necessary.

Producer Price Index (PPI)

- Review weighting schemes for the PPI and develop industry selling price indices for deflation of production by industry in national accounts.
- Review and enhance procedures for the introduction of new products and the treatment of quality change, as well as for treatment of unique or complex goods.

Government Finance Statistics

- Improve the periodicity and timeliness of central government guaranteed debt to at least a quarterly basis with a timeliness of one quarter after the reference period.
- Update, enhance, and make more accessible the information on the methodology for the compilation of government finance statistics.
- Enhance fiscal statistics with details on the operations of consolidated nonfinancial public enterprises and of consolidated nonfinancial public sector. While the present statistics already provide for the operations of general government, the supplementary statistics on operations of nonfinancial public sector would facilitate further policy development and fiscal monitoring. Information on the nonfinancial public sector published by the SARB on the nonfinancial public sector borrowing requirements should be supplemented by data on savings, capital transfers and capital gain received, gross capital formation, land and intangible assets, net lending, and financing sources or instruments.

Monetary Statistics

- Revise the monetary statistics database to incorporate new detailed information being collected since January 2001 from ODCs with a view to improving classification and sectorization of monetary statistics. Publish monetary data by economic sector when meaningful time series become available.
- Review the composition of “other assets” and “other liabilities” and reclassify as needed. Develop a plan to collect details from ODCs on interbank positions (while observing confidentiality of individual reporters).
- Prepare and publish a survey of other financial corporations and a financial corporations survey from data already being compiled by the Research Department of the SARB.
- Establish procedures for informing users about revisions to the data. Although monetary data are almost always final, they may be subject to revisions and users need to be informed accordingly.
- Prepare documentation on the methodology currently used in the compilation of monetary statistics and disseminate it in one of the SARB’s publications or on the Internet.

Balance of Payments Statistics

- Revise definition, classification, and valuation principles used in recording data on the reserve assets component of the balance of payments in accordance with *BPM5* concept and definitions.

- Revise methodology for compiling non-monetary gold statistics in the goods component of the balance of payments by excluding the monetary gold element and by reporting gold export transactions on a gross rather than net basis.
- Review the estimates for the travel component of the balance of payments, using the information currently collected by Stats SA, and evaluate the need to supplement this information with data obtained from the Information Flow System for the financial sector. Over the long term, expand the collection, processing, analysis and publication of the data required for the travel component of the balance of payments. Stats SA, in cooperation with the Department of Home Affairs, the National Department of Environmental Affairs and Tourism, and the SARB, needs to develop and improve sample surveys of travelers and travel expenditure patterns. For inbound tourism, the quarterly survey of foreign tourists leaving the country (exit survey) should provide a breakdown of expenditure by main expenditure category (accommodation, mode of travel, purchases of goods and services). For outbound tourism, information on expenditure, by category, by residents traveling abroad, should be appended to the labor force survey (household survey).
- Improve the coverage of the merchandise trade statistics with the Southern Africa Custom Union countries that are compiled by the SARS.
- Update the publication on the sources and methods used in the balance of payments compilation.

Users' Views

An informal survey of the usability of the statistical data produced by the South African authorities was conducted by IMF staff among key users of economic statistics. The survey was conducted by personal interview and mail sample survey. In general, users were satisfied with the quality of statistics and the availability of topical areas of statistics. Users viewed the coverage, periodicity and timeliness of statistics to be appropriate for economic analysis. Users also indicated that significant improvements had been made in terms of availability of statistics during the past few years. Overall, users' views were consistent with the findings of the mission, and the main areas for improvement are broadly in line with the proposals suggested by the IMF staff as well as with the statistical data development program being put in place by the authorities, based on earlier users' feed back.

Specific questions were asked regarding the quality of balance of payments, monetary, fiscal, national accounts, price, and labor market statistics. In this connection, respondents mentioned, in particular, national accounts, labor market, and external trade as areas that could be improved.

In national accounts, some users indicated a requirement for regional estimates of GDP, preferably on an annual basis. (It should be mentioned that the Stats SA work program calls for the development of provincial GDP estimates, and Stats SA conducted a workshop in March 2001 on this and other national accounts issues.)

Criticisms were expressed on labor market statistics regarding coverage and accuracy. Coverage of employment statistics should be expanded to include data for business services, and the household-based labor force survey program should ensure the availability of information on the informal sector and the self-employed. (In this connection, as noted above, Stats SA is conducting a new labor force survey of households that should help improve labor market statistics.) Users, while recognizing the scientific design of the household survey, questioned the reliability of survey results mainly because of the professionalism of the field workers employed in survey data collection.

Regarding external trade statistics, users expressed the view that customs data should be improved to reflect more accurate information. Some users questioned the coverage of trade statistics, considering (i) the size of the unclassified items category, and (ii) the procedures of customs clearance, resulting possibly in serious smuggling problems (especially in Durban). The system of customs documents should be improved in order to reduce the large unclassified category.

On fiscal data, users would like coverage to be expanded from general government to the nonfinancial public sector.

While users found the analytical and conceptual frameworks on which statistical aggregates and data categories were based to be expressed clearly, some felt that would be desirable to

present more detail on data analysis and assessment for professional statisticians and economists in official publications, including the SARB's *Quarterly Bulletin*. Some users would like to have better access to, and more details on, methodology, including that used for seasonal adjustments and revisions of data.

INTERNATIONAL MONETARY FUND

SOUTH AFRICA

**Report on the Observance of Standards and Codes (ROSC)—Data Module
Response by the Authorities**

October 1, 2001

Contents	Page
I. Reactions from South African Authorities on Fund Staff recommendations	2
A. Institutional Arrangements	2
B. Government Finance	2
C. Monetary Statistics	3
D. Balance Of Payments	4
E. National Accounts	5
F. Consumer Price Index (CPI)	6
G. Production Price Index (PPI)	7

I. REACTIONS FROM SOUTH AFRICAN AUTHORITIES ON FUND STAFF RECOMMENDATIONS

The South African authorities welcome the findings of the ROSC Mission and support the proposal that the final version of the report be published. The draft report of 9 July 2001 suggests a number of measures that would bring South Africa's statistical databases into greater compliance with international standards and improve their usefulness for data users. These proposals are addressed below.

A. Institutional Arrangements

Strengthen inter-agency co-ordination and co-operation in the compilation of macroeconomic statistics and formalise arrangements as needed through memoranda of understanding, and ultimately, through legal reinforcement.

The authorities support the recommendation that co-operation with other public agencies should be arranged through written memoranda of understanding.

B. Government Finance

Improve the periodicity and timeliness of central government guaranteed debt to at least a quarterly basis with a timeliness of one quarter after the reference period.

Currently information on guarantees is furnished to the National Treasury on an annual basis. Comprehensive information on guarantees issued by government is available only about six months after financial year-end. In order to address this problem National Treasury is in the process of developing a system to capture the information electronically with a monthly frequency. The system will become operational before the end of 2001 and departments and parastatals will then have to submit information from 1 January 2002. From that date information on government guarantees will be available with a monthly frequency and South Africa will be in a position to comply fully with the prescripts of the SDDS.

Update, enhance, and make more accessible the information on the methodology for the compilation of government finance statistics.

The National Treasury published the methodology for compiling budgetary information in its latest Budget Review. The methodologies were recently reviewed. It has been agreed that a detailed statement on methodology be developed for release on the National Treasury website. The intention is to publish this new statement on methodology along with the February 2002 Budget Review.

The South African Reserve Bank is currently collecting information on the methodologies for the compilation of all statistics published under the Special Data Dissemination Standard. On completion this information will be published on the Bank's website.

Enhance fiscal statistics with details on the operations of consolidated non-financial public enterprises and of consolidated non-financial public sector. While the present statistics already provide for the operations of general government, the supplementary statistics on operations of non-financial public sector would facilitate further policy development and fiscal monitoring. Information on the non-financial public sector published by the South African Reserve Bank on the non-financial public sector borrowing requirements should be supplemented by data on savings, capital transfers and capital gains received, gross capital formation, land and intangible assets, net lending, and financing sources or instruments.

In preparing for the implementation of the 2001 Government Finance Statistics Manual, the Public Finance Division of the Research Department of the South African Reserve Bank has embarked on a project for analyzing the annual financial statements of the major public corporations, consistent with the proposed new Government Finance Statistics Framework. The financial statements of these corporations comply fully with generally accepted accounting standards. It is envisaged that this analysis will be expanded to cover all the activities of the public non-financial business sector.

C. Monetary Statistics

Revise the monetary statistics database to incorporate new detailed information being collected since January 2001 from depository corporations with a view to improving classification and sectorisation of monetary statistics. Publish monetary data by economic sector when meaningful time series become available.

The Money and Banking Division of the Research Department of the South African Reserve Bank plans to conduct a review of its entire time series database following the implementation of new bank reporting structures in January 2001. This is a time consuming process and the release of a comprehensively revised time series structure, incorporating balance-sheet information with a monthly frequency, is not expected before the end of 2003.

Review the composition of "other assets" and "other liabilities" and reclassify as needed. Develop a plan to collect details from banks on interbank priorities (while observing confidentiality of individual reporters).

The composition of "other assets" and "other liabilities" will be reviewed with the purpose of improving the sectorisation of accounts and reclassification of items. The identification of more assets and liabilities categories is expected to limit the magnitude of "other" assets and liabilities on the consolidated balance sheet of the banking sector.

Prepare and publish a survey of other financial corporations and a financial corporations survey from data already being compiled by the Research Department of the South African Reserve Bank.

Insurers and pension funds co-operate voluntarily with the South African Reserve Bank by regularly submitting information on their financial activities. Other non-bank financial corporations are not legally obliged to submit information to the Bank. Statistics South Africa has to empower the Bank to conduct such surveys on their behalf.

Establish procedures for informing users about revisions to the data. Although monetary data are almost always final, they may be subject to revisions and users need to be informed accordingly.

The South African Reserve Bank usually advises data users of major revisions to data by means of a set of "Notes to Tables" in the Quarterly Bulletin at the time that such data revisions occur. The historical record of these notes is being consolidated into a single document for release on the Bank's website.

Prepare documentation on the methodology currently used in the compilation of monetary statistics and disseminate it in one of the South African Reserve Bank's publications or on the Internet.

The methodologies for the compilation of all statistics published under the Special Data Dissemination Standard are currently being prepared for release on the South African Reserve Bank's website.

D. Balance Of Payments

Revise definition, classification, and valuation principles used in recording data on the reserve assets component of the balance of payments in accordance with the BPM5 concept and definitions.

Revised definitions of the coverage and valuation of international reserves will be considered by the executive management of the South African Reserve Bank.

Revised methodology for compiling non-monetary gold statistics in the goods component of the balance of payments by excluding the monetary gold element and avoiding netting (export minus import) of gold export transactions.

The Research Department of the South African Reserve Bank has started process to record monetized and non-monetized gold separately.

Review the estimates for the travel component of the balance of payments, using the information currently collected by Statistics South Africa, and evaluate the need to supplement

this information with data obtained from the Information Flow System for the financial sector.

Over the long term, expand the collection, processing, analysing and publication of the data required for the travel component of the balance of payments. Statistics South Africa, in co-operation with the Department of Home Affairs, the National Department of Environmental Affairs and Tourism, and the South African Reserve Bank, needs to develop and improve sample surveys of travelers and travel expenditure patterns. For inbound tourism, the quarterly survey of foreign tourists leaving the country (exit survey) should provide a breakdown of expenditure by main expenditure category (accommodation, mode of travel, purchase of goods and services). For outbound tourism, information on expenditure, by category, should be appended to the labor force survey (household survey).

The Research Department of the South African Reserve Bank is continuously investigating and assessing new data sources to enhance the accuracy of balance-of-payments estimates. The newly introduced electronic system for recording international transactions is expected to contribute substantially for the data sources available to the Department.

Improve the coverage of merchandise trade statistics with the Southern Africa Custom Union countries that is compiled by the South African Revenue Service.

The South African Revenue Service (Customs and Excise) is aware of the lack of accurate and reliable statistics on bilateral trade between South Africa and the other member countries of the Southern African Customs Union. The South African Revenue Service has already initiated a process to start capturing intratrade flows between the countries involved.

Update the publication on the sources and methods used in the balance of payments compilation.

The data sources methodologies used for the compilation of all statistics published under the Special Data Dissemination Standard are currently being prepared for release on the South African Reserve Bank's website.

E. National Accounts

Work has already commenced on the two projects mentioned in the report.

Extend structural detail, especially in the services area, both in the industry and in the commodity dimension. Particular emphasis needs to be given to emerging service activities that have a large concentration of small establishments, and to goods and services originating with tourism-related industries (such as accommodation services, restaurants, entertainment and recreation, and travel agencies), as an input to the balance of payments compilation and for development of the supply side of tourism satellite accounts.

Stats SA collects the above-mentioned data on the tertiary industry through the recently introduced economy-wide economic activity survey. As more resources become available, more frequent large sample surveys will also be conducted in these areas.

Develop the commodity dimension of production, as part of the implementation of the Central Product Classification (CPC) throughout the system.

The CPC will be implemented in the National Accounts through the annual set of supply and use tables. The survey areas of Stats SA have already started introducing the CPC e.g. in the 2001 large sample survey for the manufacturing industry (periodic survey).

F. Consumer Price Index (CPI)

Extend price collection to rural areas and compile and publish the total CPI including rural areas.

Stats SA conducted the survey of income and expenditure of households during October 2000. A question on area of purchase of goods and services was included in the questionnaire. According to the information received regarding this question, a decision will be taken on whether the prices of the items sold in the rural areas will be collected by enumerators on a regular basis through the survey of retail prices. This will be done if the information regarding point of purchase reflects that people in rural areas mainly purchase their goods and services in the local rural shops. However, if the information indicates that people in the rural areas mainly purchase their goods and services in the nearby urban areas, the prices as collected in the urban areas will be used to compile indices, which will be weighted according to the expenditure patterns of the people in the rural areas. Therefore, Stats SA will publish the total CPI including rural areas as from early 2002.

Review and enhance procedures for the introduction of new products and treatment of quality change, where necessary.

The CPI for South Africa is a fixed weights index, which implies that the weight of each product/group stays the same for five years until the results of the next survey of income and expenditure of households become available. Until now, Stats SA has not added any new products entering the market. Stats SA conducted a survey of income and expenditure of households in October 2000. A new basket of goods and services will be identified from the information collected through this survey, which will include new products, which appeared on the market during the past five years and will be introduced early 2002. Furthermore, Stats SA is currently investigating possible methods which can be applied to add new products on a more regular basis and will keep stakeholders informed in this regard.

G. Production Price Index (PPI)

Review weighting schemes for the PPI and develop industry selling price indices for deflation of production by industry in national accounts.

Stats SA is currently investigating possible methods which can be applied regarding the above-mentioned and will keep stakeholders informed on any developments.

Review and enhance procedures for the introduction of new products and the treatment of quality change as well as for treatment of unique or complex goods.

The PPI for South Africa is a fixed weights index which implies that the weight of each product/group stays the same for five years until the results of relevant periodic censuses and surveys, e.g. manufacturing industry census, become available. Until now, Stats SA has not added any new products entering the market. Stats SA is currently investigating possible methods which can be applied to add new products on a more regular basis and will keep stakeholders informed in this regard.

INTERNATIONAL MONETARY FUND

SOUTH AFRICA

**Report on the Observance of Standards and Codes (ROSC)—Data Module
Detailed Assessments Using the Data Quality Assessment Framework**

Prepared by the Statistics Department and the African Department

Approved by Carol S. Carson and G. E. Gondwe

October 1, 2001

This document contains a detailed assessment by dataset of the elements and indicators that underlie the data quality dimensions discussed in Report on the Observance of Standards and Codes (ROSC), Section III of the data module and the generic framework used for the assessment of the quality of South Africa's data (Appendix).

Contents	Page
I. National Accounts	3
II. Price Statistics (Consumer Price Index).....	25
III. Price Statistics (Producer Price Index)	41
IV. Government Finance Statistics	55
V. Monetary Statistics.....	79
VI. Balance of Payments Statistics	98
Tables	
1. Production Approach—Use of Benchmarks and Fixed Ratios.....	19
Appendix	
1. Data Quality Assessment Framework—Generic Framework.....	120

DETAILED ASSESSMENTS USING THE DATA QUALITY ASSESSMENT FRAMEWORK

The following detailed information on indicators of statistical practices in the areas of the national accounts, price, government finance, money and banking, and balance of payments statistics was gathered from publicly available documents and information provided by the South African officials. This information, which is organized along the lines of the generic DQAF, was used by the mission to prepare the summary assessment of data quality elements (Section IV), based on a four-part scale of observance (Tables 2.1–2.6)

I. NATIONAL ACCOUNTS

0. Pre-requisites of quality

0.1 Legal and institutional environment

0.1.1 The responsibility for collecting, processing, and disseminating statistics is clearly specified.

The compilation of the national accounts estimates is shared between two agencies: Stats SA and the SARB. The sharing of responsibility for gross domestic product (GDP) compilation is a long-established practice and has become institutionalized. Stats SA compiles the GDP estimates using the production approach and SARB compiles the estimates for the components of the expenditure approach, as well as savings and Gross National Income. These are published as a comprehensive set of annual and quarterly accounts in the *Quarterly Bulletin* of the SARB. Stats SA is the agency responsible for the compilation of the official aggregate GDP estimate for the Republic of South Africa.

The compilation and dissemination of official statistics for the Republic of South Africa are governed by the Statistics Act (Act No 6 of 1999). The Statistics Act provides for: "...a Statistician General as head of Statistics South Africa, who is responsible for the collection, production and dissemination of official and other statistics, and for co-ordination among producers of statistics." Section 3 (1) of the Act states that the purpose of "official statistics" is to assist organs of state, businesses, other organizations or the public in planning, decision-making or other actions, and monitoring or assessment of policies.

Under the Statistics Act, "official statistics" are defined as statistics so designated by the Statistician General in terms of Section 14 (7), and "statistics" are defined as "aggregated numerical information relating to demographic, economic, financial, environmental, social or similar matters, at national, provincial or local level, which is compiled and analyzed according to relevant scientific and statistical methodology."

Section 3(2) specifies that official statistics must be "relevant, accurate, reliable and timeous; objective and comprehensive; compiled, reported and documented in a scientific and transparent manner; be disseminated impartially; be accessible; be in accordance with

appropriate national and international standards and classifications; and be sensitive to distribution by gender, disability, region and similar socio-economic features.”

Section 6 of the Statistics Act stipulates that the President must appoint to the post of the Statistician General an appropriately qualified person for a term not exceeding five years, and that in the performance of his/her duties the Statistician General must be professionally independent by acting impartially and exercising his/her powers and performing his/her duties “without fear, favor or prejudice.”

Other relevant Acts governing the compilation process of official statistics are: The Constitution of the Republic of South Africa; the South Africa Reserve Bank Act No. 90 of 1989 (banking supervision); the Public Finance Management Act of 1999; Government Notices No.702 and 703 of April 20, 1956 (for Balance of Payments Statistics); the Public Finance Management Act, 1999, Service Act, and the Revenue Laws Amendment Act, No.53, of 1999.

0.1.2 Data sharing and coordination among data producing agencies are adequate.

Section 7(1) of the Statistics Act stipulates that the Statistician General “determines, and exercises final responsibility regarding the determination of the work program for Stats SA; formulating quality criteria and establishing standards, classifications and procedures for statistics, and, in terms of Section 14, promoting co-ordination among producers of official statistics, in order to advance the quality, consistency, comparability and optimum use of official statistics, and to avoid unnecessary duplication; and endeavor to fulfill the Republic’s international statistical reporting obligations.”

Under Section 14 (9) of the Statistics Act, stipulates that “the head of any other organ of state must, within a reasonable period, supply the Statistician General with information he/she may request regarding any official or other statistics for which that organ is responsible; grant the Statistician General or any officer of Statistics South Africa authorized by him unhindered access, without charge, to such information or data of that organ of state as the Statistician General requests, and to copy, without charge, any information or data which may be used in producing official statistics.”

Well-established procedures are in place at Stats SA for entering into agreements with other organs of state or other agencies for data sharing.

Coordination is enhanced through regular meetings of the South African Statistics Council, as well as frequent formal and informal consultations with data suppliers and users.

0.1.3 Respondents' data are to be kept confidential and used for statistical purposes only.

Section 17(1) of the Statistics Act stipulates that, “despite any other law, no return or other information collected by Statistics South Africa for the purposes of official or other statistics that relates to (a) an individual; (b) a household; (c) an organ of state; (d) a business; or

(e) any other organization, may not be disclosed to any person, **except** with the prior written consent of the person from whom such return or other information was collected or his or her representative;” or where the information was already in the public domain.

Subsection 7(a) of Section 17 of the Act requires that “the Statistician General and every officer of Statistics South Africa must (a) before assuming duty, take an oath of confidentiality prohibiting disclosure of any information coming to his or her knowledge by reason of such duty before its release is authorized by the Statistician General, and (b) preserve, and promote the preservation of, confidentiality in respect of all information that may come to his or her knowledge by reason of such employment.”

Further, Subsection 17 of Section 14 requires that “every employee within the organ of state or body who is engaged in any joint collection with Stats SA or to whom such statistics are made available, must take an oath of confidentiality similar to that provided for in Section 17(7)(a), whether or not he or she has taken an oath of confidentiality in terms of any other law.”

In the case of the SARB, in addition to the above, Article 4 of Government Notice No. 702 states that any person employed in carrying out the provisions of these regulations who, without lawful excuse, reveals any matter or thing pertaining to individual persons which has come to his knowledge in the course of his official duties to any person whatsoever, or suffers or permits any person to have access to any records which pertain to individual persons and which are connected with carrying out of those provisions, shall be guilty of an offence and liable on conviction to a fine and/or imprisonment.

Section 18 of the Statistics Act specifies the categories of offences and associated penalties, including fines and/or imprisonment, for breaches of the provisions of the Statistics Act, including breaches of the confidentiality provisions.

There are strict rules concerning the level of access to confidential data, which are strictly enforced. Officers have to undergo special security clearance procedures to be cleared for each of the four levels.

In addition to strictly observed general security procedures, both SARB and Stats SA have established rules and procedures in place for ensuring data confidentiality and ensuring staff compliance with the provisions of the security guidelines, through restricted access to survey forms and databases at the level of individual respondents. Computer systems are password protected. Access to confidential tabulations is on a “read only” basis except for officers responsible for the compilation. The premises for storing the data are well secured and after the required document retention period, the documents are securely stored in the Archives. Confidentiality of information is appropriately guarded during the process of destruction of documents/completed questionnaires containing confidential data.

0.1.4 Statistical reporting is ensured through legal mandate and/or measures implemented to encourage voluntary response.

The Statistics Act Section 16 (2) stipulates mandatory compliance with Stats SA requests for information, in verbal or written form, and Section 18 specifies penalties for noncompliance. Section 15 provides for authorized entry or inspection of premises by Stats SA officers, upon the issue of a warrant by a magistrate or a judge of a High Court.

Stats SA has procedures in place for ascertaining reporting problems and for obtaining regular feedback from respondents concerning reporting problems, such as provision on questionnaires for comments, regular information sessions, workshops, special inquiries concerning preferred reporting arrangements and mode of reporting, for example, post, fax, e-mail. In addition, there are Technical Advisory Committees to review questionnaire design and content, consisting of both users and data suppliers.

0.2 Resources

0.2.1 Staff, financial, and computing resources are commensurate with institutional programs.

The National Accounts Directorate at Stats SA consists of the Gross Domestic Product Subdirectorates and the Input-Output Analysis Subdirectorates (which is also responsible for developing Satellite Accounts and the Social Accounting Matrix (SAM)). The Directorate has an adequate number of authorized positions for ongoing projects (26), about 11 of which are with the Gross Domestic Product Subdirectorates. Stats SA has a good staff development and training program in place, so that the skills of officers with some years of experience are extremely marketable and command considerably higher salaries and other benefits offered elsewhere. Several of the current staff in National Accounts are recent recruits and require prolonged on-the-job training from senior staff.

The staff complement in the national accounts area at SARB (11) is sufficient and the existing officers have many years of experience. There do not appear to be problems with a high turnover rate.

The knowledge of senior staff of both institutions concerning national accounts concepts and methodology is very good.

Stats SA resources have not been adequate for basic data development work both in the area of economic and of social statistics. This has resulted in past delays in the introduction of new survey frames and new surveys and has imposed restrictions on the scope, coverage and periodicity of surveys. Additional operational constraints were and are imposed by the lead time required to negotiate data sharing arrangements with other government departments, such as SARS, and, when required, to amend legislation accordingly. In spite of these constraints, significant improvements have been introduced or are in the process of being introduced in many areas. This should allow the national accounts estimates to be anchored

to a more solid and more fully articulated source data base, as long as the required resources for basic data development, reconciliation, and analysis are made available.

It is commensurate with the overall resource availability.

Sufficient resources are allocated and best efforts are made to exploit the full potential of modern computing technology.

0.2.2 Measures to ensure efficient use of resources are implemented.

Stats SA and SARB have in place similar strategic planning and management systems (MTEF—Medium-Term Expenditure Framework—at Stats SA) which provide comprehensive frameworks within which to review activities and products under the broad headings of environmental analysis and user and access analysis, based on which priorities are assigned and costs evaluated. Thus, the accounting conventions in place within the agency enable measurement of resources used for each program/product, to ensure that unit costs are reasonable.

Performance indicators are developed and monitored for each project/product for several assessment criteria, including quality, timeliness, efficiency and access, as well as quantity.

Within Stats SA, the national accounts are viewed as the conceptual framework for economic statistics. Questionnaires and new survey requirements are routinely reviewed by the national accounts staff to ensure consistency of definitions, to avoid duplication and to minimize response burden. A major effort is underway to integrate definitions across survey areas.

Accounting conventions used within the Stats SA are in harmony with those of the system of national accounts.

0.3 Quality awareness

0.3.1 Processes are in place to focus on quality, to monitor the quality of the collection, processing, and dissemination of statistics, to acknowledge and deal with tradeoffs within quality, and to guide planning for existing and emerging needs.

According to Section 14 of the Statistics Act, 1999, the Statistician General may advise any organ of state regarding the application of appropriate quality criteria and standards.

Stats SA is in the process of implementing a comprehensive data quality improvement program throughout the institution. A working group on data quality is in the process of designing a very detailed Quality Measurement Model for the agency. Improvements are being introduced, through such approaches as re-engineering of survey design and structure, developing and improving survey frames, extending survey scope and coverage, facilitating reporting of data, reducing response burden, and regularly soliciting feedback from users. All these initiatives should, in the short to medium term, result in substantial quality

improvements in the source data for the national accounts—a pre-requisite for enhancing the quality of national accounts estimates, particularly in terms of level and detailed structure.

Within Stats SA, the national accounts are viewed as the conceptual framework for economic statistics. Questionnaires and new survey requirements are routinely reviewed by the national accounts staff to ensure consistency of definitions, to avoid duplication and to minimize response burden. A major effort is underway to integrate definitions across survey areas. Accounting conventions used within the Stats SA are in harmony with those of the system of national accounts.

The system of national accounts provides a balancing framework within which to confront and reconcile data and identify data gaps and deficiencies. The analytical and reconciliation process, engaged in separately and jointly by both SARB and Stats SA, has helped to inform development priorities for economic statistics. In particular, fitting the national accounts estimates into the econometric models of the economy used by SARB analysts, has served as a check on the quality and consistency of the components of the system of national accounts.

As stated in the 1999 Annual Report of Stats SA, the approach to strategic management used throughout Stats SA, creates linkages, with external user organizations and within the organization itself.

Guidance is also received from the South African Statistics Council. As stipulated under Section 8 of the Statistics Act, the Minister, after consultation with the Cabinet, must appoint the Council from nominations obtained through public invitations and from submissions from the executive council of each province. The members of the Council must have relevant professional proficiency and interest and be broadly representative of groups or interests concerned with the production and use of official statistics. The Council plays an active advisory role and, when required, may examine issues in depth and make specific and detailed recommendations to the Statistician General. For example, during the early months of 1999, the Interim Statistics Council, working in close collaboration with Stats SA and a Swedish adviser, continued to coordinate the tasks leading to the passing of the new Statistics Act through Parliament in April 1999. (*1999 Annual Report, p.37*)

Stats SA has also benefited from technical assistance, mainly from Sweden, Australia, Canada, and Norway, in the areas of organizational development, training in specific areas, including strategic management, household survey methodology, national accounts, business register development and census planning. There have also been regular visits by experts from the UN Statistical Office to assist both SARB and Stats SA with methodological issues concerning the implementation of the *1993 SNA*. The technical assistance from international and national agencies has enabled staff to attend workshops, training courses and conferences.

A major objective of the above efforts has been capacity building in the realm of national accounts and economic and social statistics.

Regular consultations with users (workshops, meetings, and surveys) are conducted to ascertain existing or emerging requirements and to improve the compilation, analysis and presentation of statistical information.

For example, the National Accounts Directorate held a workshop on national accounts issues on March 12, 2001 with a number of stakeholders. The workshop was announced at a press conference and advertised on the Internet as well as in the quarterly GDP statistical release. Specific users from the private and the public sector, as well as the media, were invited.

The purpose of the workshop was to start an annual outreach-process with users, data suppliers and other interested parties. The main discussion points were:

- the calculation of regional estimates of GDP also referred to as Gross Domestic Product by Region.
- the changes in methodology relating to the calculation of the value added by the agriculture sector.
- the layout and contents of the quarterly GDP publication.
- the rationale of independent annual estimates of GDP; and
- the revision policy of the national accounts.

Feedback was received in relation to availability of unpublished data, the revision policy and methodological issues, such as proposed distribution keys for regional estimates for value added. The inputs are taken into consideration in the following three-year planning phase.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis.

The independent powers of the Statistician General are defined by Section 5 and in Section 6 of the Statistics Act. In addition, for the expenditure side, Article 224(2) of the 1996 Constitution of the Republic of South Africa stipulates that the South African Reserve Bank is an independent institution.

The Statistics Act clearly establishes the independent status of Statistics South Africa and provides for measures to ensure the professional independence and integrity of the institution.

Section 5 (3) which defines the role of the Minister responsible for Statistics South Africa, stipulates that “the minister may not interfere with the power of the Statistician General to

decide, in respect of the activities of Statistics South Africa, on the manner in which, and the time when, a statistical collection is to be undertaken; the form, extent and timing of the release of statistical information; or whether a statistical collection should be discontinued.”

1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations.

The compilers of statistics are free to choose the data sources with regard to quality, timeliness, costs, and the burden on respondents. Decisions within Stats SA are taken solely on the basis of professional/technical considerations, within the overall constraints of resource availability and response burden.

1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics.

Both Stats SA and SARB may and do comment on erroneous interpretation and misuse of statistics.

1.2 Transparency

1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public.

All laws and regulations governing the collection, compilation and dissemination of data are published: www.polity.org.za. All questionnaires contain reference to the Article of the Statistics Act governing the collection of data.

1.2.2 Internal governmental access to statistics prior to their release is publicly identified.

Data are released simultaneously to all interested parties. There are strict procedures in place regulating the timing of each release, with precise embargo times and/or “lock-up” procedures.

Stats SA provides pre-embargo access to the data under a “lock-up” system to specifically listed government departments and officials (the office of President of the Republic, the Department of Finance, and the South African Reserve Bank). The approved representatives are given the press release one hour before the embargo time in a secure room at Stats SA in Pretoria, and remain incommunicado in that secure room until embargo time. Apart from the “lock-up” process there is no internal government access to the data prior to their release to the public.

SARB releases the *Quarterly Bulletin* to the press, on an embargo basis, six hours before general release (subject to delivery by the printing company) and on condition that no data may be released prior to the lifting of the embargo. There is no pre-embargo release.

1.2.3 Products of statistical agencies/units are clearly identified as such.

Stat SA and SARB disseminate data under copyright as a service to the public. All products SARB and Stats SA are clearly identified as such.

1.2.4 Advance notice is given of major changes in methodology, source data, and statistical techniques.

Stats SA and SARB routinely provide advance notice of major changes in methodology, and publish Advance Release Calendars for the current quarter as well as for the year. These are well publicized and disseminated.

1.3 Ethical standards

1.3.1 Guidelines for staff behavior are clear and publicized.

Article 17 of the Statistics Act sets out rules concerning confidentiality and disclosure. Stats SA and SARB management promote rules of professional behavior, through internal guidelines and staff training.

Stats SA staff is also bound by the Code of Conduct of the Public Service guidelines as set out in Chapter 2 of the Public Service Management Framework, page 9. The Code of Conduct covers such areas as the relationship of an employee with the legislature and the executive; relationship with the public; relationships among employees; performance of duties; and personal conduct and private interests.

The Public Service is also required to put into practice the following eight “Batho Pele” or “People First” principles in order to arrive at acceptable levels of service and quality as soon as possible: consultation, service standards, access, courtesy, information, openness and transparency, redress, and value for money.

2. Methodological soundness

2.1 Concepts and definitions

2.1.1 The overall structure in terms of concepts and definitions follows international standards, guidelines, or agreed practices: see data set specific framework

The overall structure of South Africa’s national accounts is in accordance with the 1993 SNA.

2.2 Scope

2.2.1 The scope is broadly consistent with international standards, guidelines, or agreed practices.

The delimitation of the constituent units is in accordance with the *1993 SNA*, in principle. In particular, territorial enclaves, such as embassies, as well as workers who work part of the year abroad are in scope for the national accounts estimates, although source data may not always provide complete coverage of the remuneration of employment from abroad.

In principle, the production boundary is in accordance with the *1993 SNA*. In particular, own-account production of all goods for own final consumption, output of goods for own-account fixed capital formation, mineral exploration, and illegal output sold to willing buyers are included.

The exceptions is the measurement of the production of literary and artistic originals, research and development on own account, and agricultural work-in-progress, on methodological and data availability grounds, rather than in principle.

The asset boundary accords with the *1993 SNA* in principle. In practice, in the case of valuables and historical monuments as well as agricultural work-in-progress, it has not been implemented due to lack of suitable data.

Among intangible assets, entertainment, literary or artistic originals patented entities, and leases and other transferable contracts are not measured.

2.3 Classification/sectorization

2.3.1 Classification/sectorization systems used are broadly consistent with international standards, guidelines, or agreed practices: see dataset-specific framework.

The *1993 SNA* is followed to classify institutional units, transactions and other flows.

A national classification derived from classification of individual consumption by purpose is used to classify household consumption. Government current operating expenditure is classified according to object of expenditure. Capital expenditures are classified according to five types of assets by SIC.

The Standard Industrial Classification of all Economic Activities for South Africa (SIC v.5, a national standard industrial classification adapted from the Standard Industrial Classification of all Economic Activities, is used to classify industries. A national classification, based on the SIC, is used to classify products according to the industry where they constitute the principal product. The CPC is in the process of being implemented. The Standard International Trade Classification (SITC) is used to aggregate import and export data from the detailed Harmonized System classes.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks.

Market output is valued at basic prices. Agricultural output for own-use is valued at equivalent market prices, while other output for own use is largely valued at cost. Intermediate consumption is valued at purchasers' prices. Inter-establishment transfers are valued at cost. Information on insurance and freight by commodities for import is available for the supply and use tables. Total imports and exports are valued on an f.o.b. basis. Respondents are instructed to convert transactions in foreign currency.

2.4.2 Recording is done on an accrual basis.

The recording of the timing of transactions is accord with the *1993 SNA*; in particular, work-in-progress is recorded in the period it is produced.

Government-related transactions are recorded mostly on an accrual basis, that is, expenditure on goods and services is recorded on an accrual basis, while revenues are recorded on a cash basis, except for extraordinary receipts, which are treated on an accrual basis.

2.4.3 Grossing/netting procedures are broadly consistent with international standards, guidelines, or agreed practices.

Yes.

3. Accuracy and reliability

3.1 Source data

3.1.1 Source data are collected from comprehensive data collection programs that take into account country-specific conditions.

A comprehensive (above an exclusion threshold) and up-to-date new business register (i.e., Business Frame) has just been implemented, which is starting to provide the basis for sample surveys on an enterprise basis. A program of profiling complex enterprises to delineate their constituent establishments is in progress, which will provide an integrated survey frame for economic statistics within the medium term.¹

The old Business Address Register, which was developed from various sources, including census lists, and updated with new registrations and from survey feedback, was previously

¹ That is, they cover all activities and types of units.

used to develop sample frames for most economic surveys. These sample frames were not sufficiently comprehensive. Also, the updating process has been difficult to maintain, resulting in coverage problems for some surveys in the current period. In the case of household surveys, a 'master' area sample frame, as derived from the latest population census for 1996, is in use.

Data collected for benchmark years through periodic censuses are sufficiently detailed for all industries.

In aggregate, the survey coverage is estimated to be over 80 percent. The coverage is over 80 percent for mining, manufacturing, agriculture and transportation, and between 60 to 80 percent for construction, trade and business and personal services.

The new annual Survey of All Economic Activities, covering all industries in the economy, was introduced as of 1998, but was still based on an updated business address register. The results are being utilized in the annual national accounts compilations.

The Survey of All Economic Activities survey frame for subsequent years is based on the new business register and includes all units registered for value added tax (VAT) purposes. The exclusion threshold for VAT registration is annual business/professional income of 300,000 rand.

The sample design and estimation procedures represent the survey universe, use scientific random sampling techniques,² proper imputation methods scientifically derived grossing-up factors based on sample design, and proper process for review and correction.

For household surveys, coverage is comprehensive geographically, and sample design and estimation procedures adequately represent the universe.

Data collected from the household income and expenditure survey are quite detailed, and include: data on purchases of consumption goods, purchases of durable goods, production for own-consumption, and own-account capital formation. Questionnaire coverage has been extended to also include such items as computer software.

Periodic censuses/ comprehensive surveys have been conducted for all industries in the past, covering establishments/enterprises for economic statistics and for agriculture.

² Scientific random sampling comprises the body of randomized methods or designs for selecting units from a universe list that exhaustively enumerates the units in the target population, in such a way that the entire population is represented by the sample subject only to a random error. In doing so, the properties of the random sampling error can be fully characterized by the sample design.

A population census is conducted every five years, and periodic household income and expenditure surveys, based on the previous census, have and are being conducted. Census/sample design and estimation procedures adequately represent the universe for household surveys, through the use of scientific techniques, proper imputation methods and handling of nonresponse. Grossing-up factors are derived scientifically, based on sample design.

Sub-annual surveys of establishments/enterprises are conducted regularly to obtain detailed quarterly/monthly indicators for most major industries. Coverage in the past has not been comprehensive in the area of service industries, such as business and personal services. The new survey of all economic activities covers all industries. Data for agriculture are collected by the National Department of Agriculture.

Ad-hoc surveys are conducted, resources permitting, to supplement the regular survey program, when necessary. For example, a Survey on Outsourcing was conducted in November 2000, covering a sample of private and public business organizations in the formal nonagricultural sector of the South African economy in order to estimate the influence of outsourcing on formal sector employment, that is the shift from the use of own labor to contracting out or subcontracting of certain service activities. Another example is the sample Survey of Employers and Self-Employed, 2000, designed to ascertain the type and extent of business/professional activities engaged in by households.

3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required.

Source data are consistent with the definitions, scope and classifications of national accounts estimates for the surveys being put in place currently, in terms of the time of recording, reference periods and valuation of national accounts estimates.

3.1.3 Source data are timely

Current negotiated practice concerning the supply of source data to the national accounts pose no difficulties in terms of timeliness. This applies to all source data.

3.2 Statistical techniques³

3.2.1 Data compilation employs sound statistical techniques

Production approach

³ This section concerns the source data for the annual national accounts as defined in the IMF SDDS (published 12–14 months after the end of the year).

Estimates of intermediate consumption are compiled for the benchmark years at a sufficiently detailed level for all industries.

In the total estimate of value added, the estimates derived from such ratios account for less than 20 percent. (See Table 3)

Proper techniques are generally used in the compilation of national accounts estimates.

In the case of *owner-occupied dwellings*: benchmarks are calculated from the 1996 population census estimates of dwellings, by type, valued at market equivalent rents from the household income and expenditure survey. The benchmark estimate is carried forward on dwelling stock estimates with an inflator (the CPI component representing costs of home ownership).

In the case of work in progress, construction projects and the output of large equipment are measured on a work in progress basis. These are recorded in capital expenditure upon transfer of ownership.

An inventory valuation adjustment is made on the production as well as on the expenditure side of the accounts, as appropriate, to eliminate holding gains/losses.

The perpetual inventory method is used as the conceptual basis for estimating consumption of fixed capital.

Within data constraints, proper procedures are followed for compiling constant price GDP.

Specifically, deflators/price indices are obtained at a detailed level and are generally consistent with the variables being deflated in terms of price concept, coverage, and reference period. Suitable deflators/price indices are used to deflate output and intermediate consumption at all levels of compilation of the production approach.

Volume measures of taxes/subsidies on products are estimated by extrapolating the base-year-tax/subsidy using a volume extrapolator of transactions subject to a specific tax/subsidy. Output volumes of trade margins are estimated by extrapolating the base-year-trade margin using a volume extrapolator of sales.

The weight base year for the constant price estimates is changed every five-years.

Expenditure approach

Household final consumption expenditure for the benchmark year is estimated on the basis of data from the periodic household income and expenditure survey and from data supplied from balance of payments. These estimates are carried forward into the current period on the basis of quarterly data from the monthly retail trade surveys for goods and from a range of other sources for services. Gross fixed capital formation and inventory change estimates are derived from quarterly establishment/enterprise surveys, where a section provides

information on capital formation and inventories. Quarterly data on household consumption of food, beverages and tobacco are obtained from the National Department of Agriculture.

Household final consumption expenditure is compiled at the 3-digit level of the appropriate classification (derivative of COICOP), except food and beverages, which is compiled at the 2-digit level, and education, at the 1 digit level.

- Government final consumption expenditure is compiled
- Gross fixed capital formation is compiled by activities and by type of assets
- Changes in inventories are compiled by activities but not by type of inventories

There are no estimates derived from ratios that are more than five years old.

Appropriate techniques are generally used to address specific issues. In particular, government final expenditure is exclusive of incidental sales Expenses of residents abroad are included in household final consumption expenditure However, expenditures on items that are considered stores of wealth (such as jewelry, works of art) are not included in the estimates of valuables

- Dedicated price indices/deflators are used to deflate GDP components at least at the one-digit level of level of the corresponding classifications.
- Household consumption implicit deflator generally moves as the CPI.

3.2.2 Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques.

Through the five-year benchmarks derived from household surveys, an estimate for the informal economy is included in the national accounts compilation. The periodic censuses on the production side have provided benchmarks for the quarterly series. There is no area that is explicitly not covered. Undercoverage of source data, particularly for services, may implicitly understate consumption and/or production, but there is no quantitative information available on the extent of any potential undercoverage. To the extent that it exists, it is likely to be insignificant.

Checks on potential undercoverage of national accounts estimates are conducted by examining the coverage of existing benchmarks in a more systematic context, through cross-checks with other sources and through confrontation and balancing of the data within the framework of supply and use tables and econometric models. Additional sources used as cross-checks include studies by the Bureau of Market Research on consumer expenditures, as well as studies by the Bureau of Economic Analysis at the University of Stellenbosch.

3.3 Assessment and validation⁴

3.3.1 *Source data*—including censuses, sample surveys and administrative records—are routinely assessed, e.g., for coverage, sample error, response error, and nonsampling error; the results of the assessments are monitored and made available to guide planning.

Information is available about sampling errors⁵ nonsampling errors, and nonresponse.

In the total estimate of output, the observed data for benchmark years account for over 90 percent. In nonbenchmark years, the indicators are adjusted to project the benchmark levels.⁶

In the total estimate of intermediate consumption, the observed data for benchmark years account for over 90 per cent. For nonbenchmark years, the benchmark year ratio is assumed to apply. (See Table 3, Source Data)

In the estimate of final expenditure of households, the observed data for benchmark years account for over 90 percent, in nonbenchmark years the indicators cover between 80 to 90 percent, but are adjusted to project the benchmark levels.

In the estimate of the final expenditure households, nonprofit institutions serving households are implicitly included in the estimates for nonbenchmark years. For benchmark years, the coverage is estimated to be over 90 percent. South Africa was selected as a pilot country for the Johns Hopkins Project on nonprofit institutions serving households.

In the estimate of fixed capital formation, the observed data account for over 90 percent.

The source data are routinely analyzed to correct for underreporting/misreporting, in particular to check for:

- temporal consistency
- consistency with other related data source

The consistency of the source data with the national accounts is checked, in particular concerning:

⁴ As footnote 9.

⁵ This refers to standard errors, or coefficients of variation.

⁶ This answer should be derived as a weighted average, ideally from the compilation level of detail.

Table 1. Production Approach—Use of Benchmarks and Fixed Ratios

SIC	Industry	Base Year Weights		Census Reference Year		Annual Data source
		1990	1995			
1	Agriculture, Forestry, fishing	5.3	3.9	1993		Annual data from NDA
2	Mining and quarrying	9.7	7.0	1992	1995	Annual data and 1999 EAS and income method
3	Manufacturing	25.5	21.2	1992	1995	Income method and 1999 EAS
4	Electricity and Water 41 Electricity 42 Water	4.4	3.5			Annual Reports Annual Reports
5	Construction	3.5	3.2	1993		Growth of Output with 1993 benchmark for IC And EAS
6	Wholesale and retail trade and hotels and restaurants	15.0	14.3			
61,62,63	Wholesale and retail trade			1992		Turnover with 1992 benchmark and EAS
64	Hotels and restaurants			1990	1993	Turnover with 1994 benchmark and EAS
7	Transportation and communication	7.4	8.9	1991	1994	Annual reports for most components
8	Finance, real estate and business services					
	Finance, insurance and real estate	14.5	16.4	1995 1/		Annual data and Quarterly financial survey
	Business services			1992	1993	1992 and 1993 benchmark projected with related indicators and 1999 EAS Private consumption expenditure components with 1999 EAS
9	Community, social and personal services	1.8	2.7		1993	Household and other surveys
	Other Producers	2.2	2.8	1994	1996 2/	Annual data
10	General government services	13.8	16.2		1996	

1/ Periodic Income and Expenditure Survey

2/ Population census

- definitions
- valuation
- reference periods
- classifications of national accounts

Source data are analyzed in the context of revisions

3.3.2 Main intermediate results are validated against other information where applicable

Yes, for example against the data from the BEA, the Chamber of Mines for gold, and the BEA monthly for manufacturing and new orders. Press clippings and business publications are also checked to gain additional information.

3.3.3 Statistical discrepancies and other potential indicators of problems in statistical outputs are investigated and made available to guide users

The statistical discrepancy between GDP by production activities and GDP by expenditure components is shown explicitly, with all the discrepancy (usually between ½ to 1 percent, after investigation and reconciliation), shown on the expenditure side in the published tables.

3.4 Revisions

3.4.1 Studies and analyses of revisions are carried out routinely and used to inform statistical processes.

Major revisions in the national accounts are announced and publicized well in advance of release, to allow users to prepare for incorporation of the revisions into their systems. Regular revisions are compiled and released according to a well-established and transparent schedule. In the case of Stats SA, the information is disseminated in the quarterly and annual statistical releases and on the Stats SA web site: www.statssa.gov.za. In the case of the SARB, the information is disseminated in the *Quarterly Bulletin* and on the SARB web site: www.resbank.co.za.

Release and revision dates are based on a detailed review of the availability of source data, irrespective of the timing of the preparation of important official economic policy documents.

3.4.2 Revision studies and analyses are made public and used to guide data users.

Results of revision studies are routinely released to the public.

4. Serviceability

Statistics are relevant, timely, consistent, and follow a predictable revisions policy.

4.1 Relevance

4.1.1 Processes to monitor the relevance and practical utility of existing statistics in meeting users' needs are in place.

Explicit external reviews are regularly conducted to assess whether the program meets user needs⁷ Stats SA has an exceptionally well designed user consultation process in place which appears to be quite effective in obtaining feedback from users.

4.2 Timeliness and periodicity

4.2.1 Periodicity follows dissemination standards.

The periodicity of national accounts meets dissemination standards. Both annual and quarterly national accounts estimates are compiled and published, with a strong emphasis on the quarterly dimension.

4.2.2 Timeliness follows dissemination standards

The timeliness of quarterly national accounts estimates is less than one quarter—60 days for the production side and 90 days for the expenditure side estimates.

On the production side, the first/preliminary estimate of the year (the sum of the four quarters) is released with the fourth quarter estimate, within 60 days of the end of the year. The revised annual estimates are released 11 months after the end of the reference year, and the final annual estimates are released within 23 months after the reference year.

The first estimate for the year on the expenditure side is released within one quarter following the end of the reference year, with the fourth quarter data, and the revised estimate within 12 months of the reference year.

4.3 Consistency

4.3.1 Statistics are consistent or reconcilable over a reasonable period of time.

⁷ In terms of the topics addressed, the accuracy and timeliness of information being produced.

Currently, consistent time series data are available without break for a period starting with 1993 on the basis of the *1993 SNA* for the production side estimates. The aggregate and 1-digit industry as well as all expenditure components have been linked back to 1946 in the case of the annual data and back to 1960 in the case of the quarterly estimates.

Explanations of erratic movements in the time series, when they occur, are explained whenever they occur.

Back series are usually adjusted to account for methodological development or to avoid discontinuities arising from changes in data sources. The practice is to investigate and correct, if necessary, outliers in the structural ratios.

4.3.2 Statistics are internally consistent (e.g., accounting identities observed).

The statistical discrepancy between GDP by production activities and GDP by expenditure components is shown explicitly and it is usually between $\frac{1}{2}$ and 1 percent.

Similar annual growth rates are obtained from the GDP series by production activities and GDP series by expenditure categories.

National accounts data are analyzed within the periodic supply-use tables framework to identify major discrepancies. A program of regular compilation of annual supply-use tables is being implemented.

Concepts and definitions for compiling quarterly GDP estimates are identical to those used to compile the annual estimates

The discrepancy between the sum of quarterly estimates and the annual estimate and the estimates for benchmark years is removed through benchmarking procedures (the Bassie technique).

4.3.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks.

Total net lending/net borrowing (from national accounts) is the same as the current account balance plus the capital account balance (from balance of payments)

4.4 Revision policy and practice

4.4.1 Revisions follow a regular, well-established and transparent schedule.

The release schedule is predetermined and stable from year to year and announced in advance of expected release dates.

New source data are incorporated as early as possible and new source data, which indicate that previously released estimates should be revised, are incorporated within the constraints of the revision schedule.

4.4.2 Preliminary data are clearly identified

The preliminary and revised data are identified. The revised data are accessible on a sufficiently detailed level.

4.4.3 Studies and analyses of revisions are carried out routinely and made public.

Candid documentation is published on sources and methods of revising the data, showing, in particular:

- the direction and magnitude of revisions
- the main flows of data from the preliminary to the revised versions
- the reasons for revisions

5. Accessibility

5.1 Data accessibility

5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts).

National accounts estimates are disseminated at a detailed level and with time-series. The data are properly catalogued to allow users to find out what information is available and assist them in locating it. Further assistance is available through the User Inquiry Section of Stats SA and from the Information Services Division of the SARB or from the designated contact person in the national accounts.

5.1.2 Dissemination media and formats are adequate.

Quarterly and annual national accounts estimates are disseminated through dedicated national accounts publications, compendia and through electronic means. Users are regularly consulted on requirements and preferences concerning presentation and dissemination of data and the mode of dissemination, through special workshops or user surveys.

Documentation for the production side is disseminated in the *Quarterly Bulletin* of Statistics, the Annual Bulletin, Statistics South Africa, on the Stats SA web site: www.statssa.gov.za.

Documentation for the expenditure side is disseminated through the *Quarterly Bulletin* or the South Africa Reserve Bank web site: www.resbank.co.za.

5.1.3 Statistics are released on a pre-announced schedule.

National accounts estimates are released according to an advance release calendar

5.1.4 Statistics are made available to all users at the same time.

National accounts estimates are released simultaneously to all interested users on the date and/or time specified in the release schedule

5.1.5 Nonpublished (but nonconfidential) sub-aggregates are made available upon request.

Nonconfidential data at the compilation level are available upon request

5.2 Metadata accessibility

5.2.1 Documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques is available, and differences from international standards are annotated.

Comprehensive descriptions of national accounts methodology are published in the quarterly Statistical Releases of Stats SA and the SARB, and published as a supplement to the June 1999 *Quarterly Bulletin* of the SARB.

Deviations from international standards, where they exist, are well documented. Classification tables, glossaries and deviations from standards are documented and published and discussed at user workshops.

5.2.2 Different levels of detail are provided depending on intended audience and type of collection.

Metadata are available at different levels of detail

5.3 Assistance to users

5.3.1 Contact person for each subject field is publicized.

A User Inquiry help desk provides prompt and knowledgeable service and support. In addition, a direct national accounts e-mail address is publicized and available to provide further assistance as required. The contact information is released in each publication and on the web.

5.3.2 Catalogues of publications, documents, and other services, including information on any charges, are widely available.

Data and documentation concerning quarterly and annual GDP estimates are catalogued in the Stats SA Users' Guide, and are disseminated in the *Quarterly Bulletin* of Statistics, the annual SA Statistics, and the Stats SA web site: www.statssa.gov.za.

Data and documentation concerning quarterly expenditure estimates are disseminated through the *Quarterly Bulletin* and the South Africa Reserve Bank web site: www.resbank.co.za.

II. PRICE STATISTICS (CONSUMER PRICE INDEX)

0. Pre-requisites of quality

0.1 Legal and institutional environment

0.1.1 The responsibility for collecting, processing, and disseminating statistics is clearly specified.

Stats SA is the agency responsible for the compilation and dissemination of the CPI as part of its mandate to compile and disseminate official statistics for the Republic of South Africa.

Stats SA compiles and disseminates several CPI aggregates designed to serve special analytical needs: the CPI representing the official or headline inflation rate (covering metropolitan areas only); the core index for metropolitan areas only and for metropolitan and other urban areas, but excluding items in the basket on the basis that their prices are highly volatile, subject to temporary influences, or affected by government policy); the CPIX designed for inflation targeting (the CPI for metropolitan and other urban areas, excluding interest rates on mortgage bonds); as well as CPI by expenditure group, region, and other special aggregations.

The compilation and dissemination of official statistics for the Republic of South Africa is governed by the Statistics Act (Act No 6 of 1999). The Statistics Act provides for: "... a Statistician General as head of Statistics South Africa, who is responsible for the collection, production and dissemination of official and other statistics, and for co-ordination among producers of statistics." Section 3 (1) of the Act states that the purpose of "official statistics" is to assist organs of state, businesses, other organizations or the public in planning, decision-making or other actions, and monitoring or assessment of policies.

Under the Statistics Act, "official statistics" are defined as statistics so designated by the Statistician General in terms of Section 14 (7), and "statistics" are defined as "aggregated numerical information relating to demographic, economic, financial, environmental, social or similar matters, at national, provincial or local level, which is compiled and analyzed according to relevant scientific and statistical methodology."

Section 3(2) specifies that official statistics must be "relevant, accurate, reliable and timeous; objective and comprehensive; compiled, reported and documented in a scientific and

transparent manner; be disseminated impartially; be accessible; be in accordance with appropriate national and international standards and classifications; and be sensitive to distribution by gender, disability, region and similar socio-economic features.”

Section 6 of the Statistics Act stipulates that the President must appoint to the post of the Statistician General an appropriately qualified person for a term not exceeding five years, and that in the performance of his/her duties the Statistician General must be professionally independent by acting impartially and exercising his/her powers and performing his/her duties “without fear, favor or prejudice.”

Other relevant Acts governing the compilation process of official statistics are: The Constitution of the Republic of South Africa; the South Africa Reserve Bank Act No. 90 of 1989 (banking supervision); the Public Finance Management Act of 1999; Government Notices No.702 and 703 of April 20, 1956 (for Balance of Payments Statistics); the Public Finance Management Act, 1999, Service Act, and the Revenue Laws Amendment Act, No.53, of 1999.

0.1.2 Data sharing and coordination among data producing agencies are adequate.

Section 7(1) of the Statistics Act stipulates that the Statistician General “determines, and exercises final responsibility regarding the determination of the work program for Stats SA; formulating quality criteria and establishing standards, classifications and procedures for statistics, and, in terms of Section 14, promoting co-ordination among producers of official statistics, in order to advance the quality, consistency, comparability and optimum use of official statistics, and to avoid unnecessary duplication; and endeavor to fulfill the Republic’s international statistical reporting obligations.”

Under Section 14 (9) of the Statistics Act, stipulates that “the head of any other organ of state must, within a reasonable period, supply the Statistician General with information he/she may request regarding any official or other statistics for which that organ is responsible; grant the Statistician General or any officer of Statistics South Africa authorized by him unhindered access, without charge, to such information or data of that organ of state as the Statistician General requests, and to copy, without charge, any information or data which may be used in producing official statistics.”

Well-established procedures are in place at Stats SA for entering into agreements with other organs of state or other agencies for data sharing.

Coordination is enhanced through regular meetings of the South African Statistics Council, as well as frequent formal and informal consultations with data suppliers and users.

0.1.3 Respondents' data are to be kept confidential and used for statistical purposes only.

Section 17(1) of the Statistics Act stipulates that, “despite any other law, no return or other information collected by Statistics South Africa for the purposes of official or other statistics

that relates to (a) an individual; (b) a household; (c) an organ of state; (d) a business; or (e) any other organization, may not be disclosed to any person, **except** with the prior written consent of the person from whom such return or other information was collected or his or her representative;" or where the information was already in the public domain.

Subsection 7(a) of Section 17 of the Act requires that "the Statistician General and every officer of Statistics South Africa must (a) before assuming duty, take an oath of confidentiality prohibiting disclosure of any information coming to his or her knowledge by reason of such duty before its release is authorized by the Statistician General, and (b) preserve, and promote the preservation of, confidentiality in respect of all information that may come to his or her knowledge by reason of such employment."

Further, Subsection 17 of Section 14 requires that "every employee within the organ of state or body who is engaged in any joint collection with Stats SA or to whom such statistics are made available, must take an oath of confidentiality similar to that provided for in Section 17(7)(a), whether or not he or she has taken an oath of confidentiality in terms of any other law."

Section 18 of the Statistics Act specifies the categories of offences and associated penalties, including fines and/or imprisonment, for breaches of the provisions of the Statistics Act, including breaches of the confidentiality provisions.

There are strict rules concerning the level of access to confidential data, which are strictly enforced. Officers have to undergo special security clearance procedures to be cleared for each of the four levels.

In addition to strictly observed general security procedures, there are well-established rules and procedures in place for ensuring data confidentiality and ensuring staff compliance with the provisions of the security guidelines, including restricted access to survey forms and databases at the level of individual respondents. Computer systems are password protected, and access to confidential tabulations is on a "read only" basis except for officers responsible for the compilation. The premises for storing completed questionnaires and tabulations are well secured, and after a specified retention period, historical documents designated for indefinite retention are transferred to and securely stored in the National Archives. Confidentiality of information is appropriately guarded during the process of destruction of documents/completed questionnaires containing confidential data.

0.1.4 Statistical reporting is ensured through legal mandate and/or measures implemented to encourage voluntary response.

The Statistics Act Section 16 (2) stipulates mandatory compliance with Stats SA requests for information, in verbal or written form, and Section 18 specifies penalties for noncompliance. Section 15 provides for authorized entry or inspection of premises by Stats SA officers, upon the issue of a warrant by a magistrate or a judge of a High Court.

Stats SA has procedures in place for ascertaining reporting problems and for obtaining regular feedback from respondents concerning reporting problems, such as provision on questionnaires for comments, regular information sessions, workshops, special inquiries concerning preferred reporting arrangements and mode of reporting, e.g., post, fax, e-mail. In addition, there are Technical Advisory Committees to review questionnaire design and content, consisting of both users and data suppliers.

0.2 Resources

0.2.1 Staff, financial, and computing resources are commensurate with institutional programs.

The Prices Subdirectorate has an adequate number of authorized positions. Stats SA has a good staff development and training program in place, so that the skills of officers with some years of experience are extremely marketable. The knowledge of the senior staff concerning CPI concepts and methodology and best international practices is good. The staff have kept abreast of the latest developments in the field, such as the revision of the international guidelines on consumer prices, as developed in the new Consumer Price Index Manual (in preparation).

The Prices Subdirectorate has adequate financial resources for ongoing operations, commensurate with the overall resource allocation for the agency.

Sufficient resources have been allocated.

0.2.2 Measures to ensure efficient use of resources are implemented.

Stats SA has in place a strategic planning and management system (MTEF—Medium-Term Expenditure Framework) which provides a comprehensive framework within which to review activities and products under the broad headings of environmental analysis and user and access analysis, based on which priorities are assigned and costs evaluated. Performance indicators are developed and monitored for each project/product for several assessment criteria, including quality, timeliness, efficiency and access, as well as quantity.

The short-term operational management system tracks performance against the set of performance indicators and target dates set against a critical path for each project. Thus, the procedures in place within the agency enable managers to ensure that unit costs are reasonable.

0.3 Quality awareness

0.3.1 Processes are in place to focus on quality, to monitor the quality of the collection, processing, and dissemination of statistics, to acknowledge and deal with tradeoffs within quality, and to guide planning for existing and emerging needs.

Stats SA is in the process of implementing a comprehensive data quality improvement program throughout the institution. A working group on data quality is in the process of designing a very detailed Quality Measurement Model for the agency. Improvements are being introduced, through such approaches as re-engineering of survey design and structure, developing and improving survey frames, extending survey scope and coverage, facilitating reporting of data, reducing response burden, and regularly soliciting feedback from users.

As stated in the 1999 Annual Report of Stats SA, the approach to strategic management used throughout Stats SA, creates linkages, with external user organizations and within the organization itself.

Guidance is also received from the South African Statistics Council. As stipulated under Section 8 of the Statistics Act, the Minister, after consultation with the Cabinet, must appoint the Council from nominations obtained through public invitations and from submissions from the executive council of each province. The members of the Council must have relevant professional proficiency and interest and be broadly representative of groups or interests concerned with the production and use of official statistics. The Council plays an active advisory role and, when required, may examine issues in depth and make specific and detailed recommendations to the Statistician General. For example, during the early months of 1999, the Interim Statistics Council, working in close collaboration with Stats SA and a Swedish adviser, continued to co-ordinate the tasks leading to the passing of the new Statistics Act through Parliament in April 1999. (1999 Annual Report, p.37)

Stats SA has also benefited from technical assistance, mainly from Sweden, Australia, Canada, and Norway, in the areas of organizational development, training in specific areas, including strategic management, household survey methodology, CPI methodology, national accounts, business register development and census planning. The technical assistance from international and national agencies has enabled staff to attend workshops, training courses and conferences.

A major objective of the above efforts has been capacity building in the realm of economic and social statistics and statistical infrastructure.

Regular consultations with users (workshops, meetings, and surveys) are conducted to ascertain existing or emerging requirements and to improve the compilation, analysis and presentation of statistical information. Discussion or consultative sessions can either be initiated by users or by Stats SA.

For example, when Stats SA detects an emerging new phenomenon or determines a specific need from users, such as the introduction of core inflation in South Africa, Stats SA sets up focus groups to determine their specific needs and follows it up with research on the relevant topic. The results are then presented to users via focus group meetings or workshops. The outputs of this consultation process are evaluated and implemented as relevant, for example, the CPI excluding mortgage rates (CPIX), specifically designed for inflation targeting, was introduced as from January 2000.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis.

The independent powers of the Statistician General are defined by Section 5 of the Statistics Act.

The Statistics Act clearly establishes the independent status of Statistics South Africa and provides for measures to ensure the professional independence and integrity of the institution.

Section 5 (3) which defines the role of the Minister responsible for Statistics South Africa, stipulates that "the Minister may not interfere with the power of the Statistician General to decide, in respect of the activities of Statistics South Africa, on the manner in which, and the time when, a statistical collection is to be undertaken; the form, extent and timing of the release of statistical information; or whether a statistical collection should be discontinued."

1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations.

The compilers of statistics are free to choose the data sources with regard to quality, timeliness, costs, and the burden on respondents. Decisions within Stats SA are taken solely on the basis of professional/technical considerations, within the overall constraints of resource availability and response burden.

1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics.

Stats SA may and does comment on erroneous interpretation and misuse of statistics.

1.2 Transparency

1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public.

All laws and regulations governing the collection, compilation and dissemination of data are published. All questionnaires contain reference to the Article of the Statistics Act governing the collection of data.

1.2.2 Internal governmental access to statistics prior to their release is publicly identified.

Data are released simultaneously to all interested parties. There are strict procedures in place regulating the timing of each release, with precise embargo times and/or “lock-up” procedures.

Stats SA provides pre-embargo access to the data under a “lock-up” system to specifically listed government departments and officials (the office of President of the Republic, the Department of Finance, and the South African Reserve Bank). The approved representatives are given the press release one hour before the embargo time in a secure room at Stats SA in Pretoria, and remain incommunicado in that secure room until embargo time. Apart from the “lock-up” process there is no internal government access to the data prior to their release to the public.

1.2.3 Products of statistical agencies/units are clearly identified as such.

Stat SA disseminates data under copyright as a service to the public. All products of Stats SA are clearly identified as such.

1.2.4 Advance notice is given of major changes in methodology, source data, and statistical techniques.

Stats SA routinely provides advance notice of major changes in methodology, and disseminates an Advance Release Calendar for the following six months in the Statistical release P0141.1 and on <http://www.statssa.gov.za>.

1.3 Ethical standards

1.3.1 Guidelines for staff behavior are clear and publicized.

Article 17 of the Statistics Act sets out rules concerning confidentiality and disclosure. Stats SA management promote rules of professional behavior, through internal guidelines and staff training.

Stats SA staff is also bound by the Code of Conduct of the Public Service guidelines as set out in Chapter 2 of the Public Service Management Framework, page 9. The Code of Conduct covers such areas as the relationship of an employee with the legislature and the executive; relationship with the public; relationships among employees; performance of duties; and personal conduct and private interests.

The Public Service is also required to put into practice the following eight “Batho Pele” or “People First” principles in order to arrive at acceptable levels of service and quality as soon as possible: consultation, service standards, access, courtesy, information, openness and transparency, redress, and value for money.

2. Methodological soundness

2.1 Concepts and definitions

2.1.1 The overall structure in terms of concepts and definitions follows international standards, guidelines, or agreed practices: see dataset-specific framework

The concepts and definitions used for the compilation of the CPI in principle follow the international guidelines set out in the Consumer Price Indices Manual of the International Labor Organization, both in terms of the composition of the consumer basket and item weights and in terms of the price selection and index calculations.

2.2 Scope

2.2.1 The scope is broadly consistent with international standards, guidelines, or agreed practices.

The Income and Expenditure of Households Survey upon which the weights for the CPI are based covers all resident households, in line with international guidelines. Households representing all income groups are included, and price indices are compiled for five expenditure groups: very low, low, middle, high, and very high. The CPI is restricted to 13 major metropolitan areas, covering all 9 provinces, and the “other urban areas,” which are covered by 9 provincial samples of 4 to 5 urban areas each, depending on the population size of the area. Therefore, a total of 39 “other urban areas” is included in the CPI. However, the CPI does not include rural areas either in the weights or in terms of prices collected. Plans are underway to extend the coverage to rural areas, either through the incorporation of weights for rural households (with urban prices) or by supplementing the existing urban and metropolitan area price collections with direct collection of relevant prices from rural areas, depending on the outcome of current investigations of shopping habits in rural areas.

All marketed goods and services for household consumption purposes are considered to be in scope for CPI compilation. Also included are the estimated operating costs of owner-occupied housing.

2.3 Classification/sectorization

2.3.1 Classification/sectorization systems used are broadly consistent with international standards, guidelines, or agreed practices: see dataset-specific framework.

ILO guidelines are used to classify consumption activities. A national system, based on the SITC for the goods components, is used to classify consumer goods and services. In addition, as of 2000, the Consumer Price Index group and product indices for metropolitan areas and for metropolitan and other urban areas are disseminated using COICOP to classify consumption activities.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks.

Consumption expenditure is valued at purchasers' prices, including margins and applicable taxes.

Production for own-use is generally valued at equivalent market prices. Product specifications attempt to include price determining characteristics related to transactions through instructions to respondents on the questionnaire, as consumer prices are collected by means of a mail survey.

2.4.2 Recording is done on an accrual basis.

Respondents are instructed to report prices of goods and services for the period when they are sold: "... the prices/tariffs on that specific day (one of the first seven days of the month) must be quoted for your most popular selling lines or brands (i.e., those items mostly in demand as measured by volume) ... and provide enough information to ensure that prices will be quoted for the same items in future."

2.4.3 Grossing/netting procedures are broadly consistent with international standards, guidelines, or agreed practices.

Net weighting procedures are broadly in line with the 1993 SNA, for example, the weight given to vehicles net of sales.

3. Accuracy and reliability

3.1 Source data

3.1.1 Source data are collected from comprehensive data collection programs that take into account country-specific conditions.

A master area sample for household surveys is derived from the quinquennial population census results. A master area sample, based on the 1991 population census results, was used to conduct the 1995 Income and Expenditure Survey of Households, covering a sample of 30,000 households. The information from this survey was weighted according to the 1991 population census figures in order to represent all households in South Africa. The 1995 survey provides the weights currently used for the CPI. The 1996 population census was the basis for the master area sample used for the 2000 Household Income and Expenditure survey, which will provide the weights for the next rebasing of the CPI, when the result become available.

The Business Address Register, supplemented with additional information from industry and local administrative sources, provided the sampling frame for the collection of consumer

prices. The new Business Register /Frame, supplemented, where necessary, with location/outlet information for large businesses, will provide the sample frame for price collection in the future.

The consumer expenditure statistics are collected every five years through the quinquennial Income and Expenditure Survey of Households, which provides comprehensive coverage of all resident households (except institutional units). As of 1995, all geographic areas are covered, specifically, metropolitan areas, other urban areas and rural areas. All unit sizes are represented. Sample design and estimation procedures represent the survey universe, in particular, scientific random sampling techniques are used,⁸ proper imputation methods are used to handle nonresponse, weight adjustments are made scientifically, based on sample design, and survey sampling and estimation procedures are reviewed and corrected.

The data collected are sufficiently detailed, and include:

- expenditures for marketed goods and services at purchaser's prices
- value of goods produced for own consumption at market prices
- value of services produced for own consumption, including rental value of owner occupied dwelling.

Prices of the goods and services included in the CPI are generally collected monthly. However, the prices of specified items are collected on a quarterly, half-yearly, annual or seasonal basis, depending on the frequency at which these prices tend to change. Nevertheless, Stats SA will initiate more frequent collection when there is an indication that a specific price has or is about to change during the first seven days of a particular month.

Coverage of goods and services is comprehensive for metropolitan and other urban areas. Rural areas are not covered. A cutoff sample design is used to select items and product varieties, and random sampling is used to select outlets.

Price data collected are sufficiently detailed by product and attempt to use sufficiently detailed product specifications to ensure the same variety is priced each period.

Ad-hoc surveys are conducted occasionally to supplement the regular survey program (e.g., to identify new varieties of products or to provide additional source data for prices)

⁸ Scientific random sampling comprises the body of randomized methods or designs for selecting units from a universe list that exhaustively enumerates the units in the target population, in such a way that the entire population is represented by the sample subject only to a random error. In doing so, the properties of the random sampling error can be fully characterized by the sample design.

3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required.

The household survey expenditure data used as the source for the weights for the CPI are consistent with the definitions, scope and classifications of CPI estimates.

3.1.3 Source data are timely.

The source expenditure data are timely. The results become available 14–18 months after the survey period. The results of the 2000 expenditure survey will become available during 2002 and the revised CPI, using the new 2000 expenditure weights, will be published by March 2002.

3.2 Statistical techniques⁹

3.2.1 Data compilation employs sound statistical techniques

The level of detail for goods is sufficient for the level of analysis requested by users. The 1995 Income and Expenditure Survey of Households provides expenditure data for approximately 1000 categories, which are further broken down for CPI purposes into 1500 product categories of goods and services. The weights of a specific product/group are calculated by dividing total expenditure by all households (within the relevant geographic area) on the specific product/group by total expenditure on all goods and services by all households (within the relevant geographic area). The goods and services are grouped into 17 main groups using of the traditional classification and into the nine main groups of COICOP and the component categories.

Price indices are disseminated at the level of 1-digit, 2-digit, 3-digit or groupings of COICOP classes. The level of detail for services is at the COICOP 1-digit, 2-digit or special grouping level.

Household consumption expenditure, consistent with the *1993 SNA*, is used to establish weights for the products within the geographic areas covered. Valuation is consistent with national accounts definitions.

The elementary aggregate level indices are computed for each of the 23 geographical areas using a geometric mean formula for each indicator product. They relate the current price level to the average price level during the index (time comparison) reference year (2000) and each index is computed as a chain of month to month links which are unweighted geometric averages of outlet price relatives. The national averages for indicator products are weighted arithmetic averages of the geographic elementary indices. Since the price indices for the

⁹ This section concerns the source data for the annual CPI as defined in the IMF SDDS.

earlier periods are not revised when the weight base is changed, the aggregate indices represent weighted arithmetic averages of all the indicator product indices linked through a level adjustment factor to the old index (previous base period). Thus, higher level indices can be said to be computed using a linked Laspeyres formula. A monthly overlap period is used to calculate linking factors (January for 1995).

A short-term price change from the price reference period is used. The latest comparison reference period for the currently disseminated CPI is the year 2000. The weight reference period is 1995.

Prices for temporarily missing products are handled by carrying forward the last reported price. No imputation is made for seasonal products. New products are not introduced into the sample as they gain market share, but new varieties of products are introduced. Products that become permanently unavailable are replaced in the sample by selecting appropriate replacement variety within the product group. Respondents are instructed to make adjustments for quality differences.

3.2.2 Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques.

No estimate of prices faced by rural households is made, but they are generally assumed to move with urban prices. This assumption will now be verified by means of information on purchases in the rural areas collected in the IES.

3.3 Assessment and validation

3.3.1 Source data—including censuses, sample surveys and administrative records—are routinely assessed, for example, for coverage, sample error, response error, and nonsampling error; the results of the assessments are monitored and made available to guide planning.

Information is available on non-sampling errors. Sample selection is adjusted when sampling errors become large. Information is available about nonresponse in the surveys or percentages of source data imputed. The influence of outliers is limited.

In the total estimate of household consumption expenditures, the observed data used as weights account for over 90 percent.¹⁰

In the total estimate of household consumption expenditures in the monthly/quarterly price survey, the sampled products account for over 90 percent.

¹⁰ This answer should be derived as a weighted average, ideally from the compilation level of detail.

The source data are analyzed to correct for underreporting/misreporting, in particular to check for temporal consistency and for consistency with other related data sources. In addition, the consistency of the source data with the CPI is checked concerning definitions, valuation, reference periods and classifications.

3.3.2 Main intermediate results are validated against other information where applicable

The prices subdirector staff compare the CPI by item and category with comparable estimates from other sources such as the PPI, export price indices, and import price indices as part of the compilation process.

3.3.3 Statistical discrepancies and other potential indicators of problems in statistical outputs are investigated and available to guide users.

Except at the time of rebasing (both reference and weight base) when explanations of revisions are disseminated as part of the release, no revisions are made to the CPI.

3.4 Revision studies

3.4.1 Studies and analyses of revisions are carried out routinely and used to inform statistical processes.

Revised CPI data released according to a regular, well-established, and transparent schedule. The weight base is changed every five years, as is the comparison base, but not at the same time, as the latter precedes the former.

No revisions are made to the prices collected, as coverage is assumed to be adequate (at least 90 percent) each month from 2200 outlets, with a chain to independent ratio of 2 to 1, and approximately 166,000 observations for 1,500 product groups.

3.4.2 Revision studies and analyses are made public and used to guide data users.

Revision studies at the time of rebasing are published with the results.

4. Serviceability

4.1 Relevance¹¹

¹¹ Relevance reflects the degree to which the program addresses the issues of most concern to the users.

4.1.1 Processes to monitor the relevance and practical utility of existing statistics in meeting users' needs are in place.

Explicit external reviews are regularly conducted to assess whether the program meets user needs¹² Stats SA has an exceptionally well designed user consultation process in place which appears to be quite effective in obtaining feedback from users.

In addition, feedback is received from the Statistics Council as part of its oversight function of official statistics.

4.2 Timeliness and periodicity

4.2.1 Periodicity follows dissemination standards.

The periodicity of the CPI is monthly and it meets IMF dissemination standards.

4.2.2 Timeliness follows dissemination standards

The timeliness of monthly CPI data is less than one month, and the release schedule for revisions is based on the timing and availability of the Income and Expenditure Survey of Households, but is in no way related to the preparation of important government political documents.

4.3 Consistency

4.3.1 Statistics are consistent and reconcilable over a reasonable period of time.

Consistent time series data are available without break for a period of at least five years Erratic movements in the monthly time series, when they occur, are explained according to the contribution of index components to index change. Back series are not adjusted, but the series are linked.

4.3.2 Statistics are internally consistent.

The CPI are internally consistent and there is not a statistical discrepancy between the CPI by items and by areas.

4.3.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks.

¹² In terms of the topics addressed, the accuracy and timeliness of information being produced.

Based on periodic analyses, price changes are consistent among comparable components of the CPI and components of the PPI and import/export price indices (such as output indices for various consumer products and imported goods). For example, a lag of three–nine months has been observed between the PPI and the CPI for selected products.

4.4 Revision policy and practice

4.4.1 Revisions follow a regular, well-established and transparent schedule.

The release schedule is predetermined and stable and announced in advance of expected release dates.

New source data are incorporated as early as possible

4.4.2 Preliminary data are clearly identified.

Since the monthly prices are not revised, the first release is final, until the time of rebasing. This is clearly indicated in the published data and the revised data with explanatory notes are disseminated.

4.4.3 Studies and analyses of revisions are carried out routinely and made public. (See also 3.4)

Not applicable, as the monthly data are not revised between rebasing, at which time candid documentation is published on sources and methods of revising the data

The documentation shows, in particular:

- the direction and magnitude of revisions
- the main flows of data from the preliminary to the revised versions
- the reasons for revisions

5. Accessibility

5.1 Data accessibility

5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts).

Users are routinely consulted and feedback is taken into account in designing the work program. The CPI are disseminated at a detailed level and with time-series. The data are properly catalogued to allow users to find out what information is available and to assist them in locating it. Further assistance is available through the User Inquiry Section of Stats SA, or from the designated contact person(s) in the prices subdirectorate.

5.1.2 Dissemination media and formats are adequate.

The CPI are disseminated through dedicated publications, as well as in compendia , press releases and through electronic means. Users are regularly consulted on requirements and preferences concerning presentation and dissemination of data and the mode of dissemination, through special workshops or user surveys.

5.1.3 Statistics are released on a pre-announced schedule.

The CPI are released on the date and/or time specified in the advance release calendar.

5.1.4 Statistics are made available to all users at the same time.

The CPI are released simultaneously to all interested users on the date and/or time specified in the release schedule

5.1.5 Nonpublished (but nonconfidential) sub-aggregates are made available upon request.

Nonconfidential data at the compilation level are available upon request

5.2 Metadata accessibility

5.2.1 Documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques is available, and differences from international standards are annotated.

Descriptions of CPI methodology are published with each release.

5.2.2 Different levels of detail are provided depending on intended audience and type of collection.

Metadata are available at different levels of detail

5.3 Assistance to users

5.3.1 Contact person for each subject field is publicized.

A User Inquiry help desk provides prompt and knowledgeable service and support. More technical inquiries are referred to price specialists in the Prices Subdirectorate.

5.3.2 Catalogues of publications, documents, and other services, including information on any charges, are widely available.

Information concerning publications and availability of data is published in the Stats SA catalogues, as well as on the Stats SA web site. The data are provided as a public service.

III. PRICE STATISTICS (PRODUCER PRICE INDEX)

0. Pre-requisites of quality

0.1 Legal and institutional environment

0.1.1 The responsibility for collecting, processing, and disseminating statistics is clearly specified.

Stats SA is the agency responsible for the compilation and dissemination of PPI estimates as part of its mandate for the production of official statistics.

The compilation and dissemination of official statistics for the Republic of South Africa are governed by the Statistics Act (Act No 6 of 1999). The Statistics Act provides for: "...a Statistician General as head of Statistics South Africa, who is responsible for the collection, production, and dissemination of official and other statistics, and for coordination among producers of statistics." Section 3 (1) of the Act states that the purpose of "official statistics" is to assist organs of state, businesses, other organizations or the public in planning, decision making or other actions, and monitoring or assessment of policies.

Under the Statistics Act, "official statistics" are defined as statistics so designated by the Statistician General in terms of Section 14 (7), and "statistics" are defined as "aggregated numerical information relating to demographic, economic, financial, environmental, social or similar matters, at national, provincial or local level, which is compiled and analyzed according to relevant scientific and statistical methodology."

Section 3(2) specifies that official statistics must be "relevant, accurate, reliable and timeous; objective and comprehensive; compiled, reported, and documented in a scientific and transparent manner; be disseminated impartially; be accessible; be in accordance with appropriate national and international standards and classifications; and be sensitive to distribution by gender, disability, region, and similar socio-economic features."

Section 6 of the Statistics Act stipulates that the President must appoint to the post of the Statistician General an appropriately qualified person for a term not exceeding five years, and that in the performance of his/her duties the Statistician General must be professionally independent by acting impartially and exercising his/her powers and performing his/her duties "without fear, favour or prejudice."

Other relevant Acts governing the compilation process of official statistics are: The Constitution of the Republic of South Africa; the South Africa Reserve Bank Act No. 90 of 1989 (banking supervision); the Public Finance Management Act of 1999; Government

Notices No.702 and 703 of April 20, 1956 (for Balance of Payments Statistics); the Public Service Act, 1999, Service Act, and the Revenue Laws Amendment Act, No. 53, of 1999.

0.1.2 Data sharing and coordination among data producing agencies are adequate.

Section 7(1) of the Statistics Act stipulates that the Statistician General “determines, and exercises final responsibility regarding the determination of the work program for Statistics South Africa; formulating quality criteria and establishing standards, classifications and procedures for statistics, and, in terms of Section 14, promoting coordination among producers of official statistics, in order to advance the quality, consistency, comparability and optimum use of official statistics, and to avoid unnecessary duplication; and endeavor to fulfill the Republic’s international statistical reporting obligations.”

Section 14 (9) of the Statistics Act, stipulates that “the head of any other organ of state must, within a reasonable period, supply the Statistician General with information he/she may request regarding any official or other statistics for which that organ is responsible; grant the Statistician General or any officer of Statistics South Africa authorized by him unhindered access, without charge, to such information or data of that organ of state as the Statistician General requests, and to copy, without charge, any information or data which may be used in producing official statistics.”

Well-established procedures are in place at Stats SA for entering into agreements with other organs of state or other agencies for data sharing.

Coordination is enhanced through regular meetings of the South African Statistics Council, as well as frequent formal and informal consultations with data suppliers and users.

0.1.3 Respondents' data are to be kept confidential and used for statistical purposes only.

Section 17(1) of the Statistics Act stipulates that, “despite any other law, no return or other information collected by Statistics South Africa for the purposes of official or other statistics that relates to (a) an individual; (b) a household; (c) an organ of state; (d) a business; or (e) any other organization, may be disclosed to any person, except with the prior written consent of the person from whom such return or other information was collected or his or her representative;” or where the information was already in the public domain.

Subsection 7(a) of Section 17 of the Act requires that “the Statistician General and every officer of Stat SA must (a) before assuming duty, take an oath of confidentiality prohibiting disclosure of any information coming to his or her knowledge by reason of such duty before its release is authorized by the Statistician General; and (b) preserve, and promote the preservation of, confidentiality in respect of all information that may come to his or her knowledge by reason of such employment.”

Further, Subsection 17 of Section 14 requires that “every employee within the organ of state or body who is engaged in any joint collection with Statistics South Africa or to whom such

statistics are made available, must take an oath of confidentiality similar to that provided for in Section 17(7)(a), whether or not he or she has taken an oath of confidentiality in terms of any other law.”

Section 18 of the Statistics Act specifies the categories of offences and associated penalties, including fines and/or imprisonment, for breaches of the provisions of the Statistics Act, including breaches of the confidentiality provisions.

There are specific rules concerning the level of access to confidential data, which are strictly enforced. Officers have to undergo special security clearance procedures to be cleared for each of the four levels.

In addition to strictly observed general security procedures, Stats SA has established rules and procedures in place for ensuring data confidentiality and staff compliance with the provisions of the security guidelines, through restricted access to survey forms and databases at the level of individual respondents. Computer systems are password protected. Access to confidential tabulations is on a “read-only” basis except for officers responsible for the compilation. The premises for storing completed questionnaires and tabulations are well secured, and after a specified retention period, historical documents designated for indefinite retention are transferred to and securely stored in the National Archives. Confidentiality of information is appropriately guarded during the process of destruction of documents/ completed questionnaires containing confidential data.

0.1.4 Statistical reporting is ensured through legal mandate and/or measures implemented to encourage voluntary response.

The Statistics Act, Section 16 (2) stipulates mandatory compliance with Stats SA requests for information, in verbal or written form, and Section 18 specifies penalties for noncompliance. Section 15 provides for authorized entry or inspection of premises by Stats SA officers, upon the issue of a warrant by a magistrate or a judge of a High Court.

Stats SA has procedures in place for ascertaining reporting problems and for obtaining regular feedback from respondents concerning reporting problems, such as provision on questionnaires for comments, regular information sessions, workshops, special inquiries concerning preferred reporting arrangements and mode of reporting, e.g., post, fax, e-mail. In addition, there are Technical Advisory Committees to review questionnaire design and content, consisting of both users and data suppliers.

0.2 Resources

0.2.1 Staff, financial, and computing resources are commensurate with institutional programs.

The Prices Subdirectorates has an adequate number of authorized positions. Stats SA has a good staff development and training program in place, so that skills of officers with some

years of experience are extremely marketable. The knowledge of the senior staff concerning PPI concepts and methodology and best international practices is good. The staff has kept abreast of the latest developments in the field, such as the ongoing revision of the international guidelines on producer prices.

The Prices Subdirectorate has adequate financial resources for ongoing operations, commensurate with the overall resource allocation for the agency. However, resources may not be adequate for development work, such as extension of the scope of the PPI program to other industries.

Sufficient computing resources have been allocated.

0.2.2 Measures to ensure efficient use of resources are implemented.

Stats SA has in place a well-developed strategic planning and management system (MTEF—Medium-Term Expenditure Framework) which provides a comprehensive framework within which to review activities and products under the broad headings of environmental analysis and user and access analysis, based on which priorities are assigned and costs evaluated. Thus, the accounting conventions in place within the agency enable measurement of resources used for each program/product, to ensure that unit costs are reasonable.

Performance indicators are developed and monitored for each project/product for several assessment criteria, including quality, timeliness, efficiency and access, as well as quantity.

The short-term operational management system tracks performance against a set of performance indicators and target dates set against a critical path for each project. Thus, the procedures in place within the agency enable managers to ensure that unit costs are reasonable.

0.3 Quality awareness

0.3.1 Processes are in place to focus on quality, to monitor the quality of the collection, processing, and dissemination of statistics, to acknowledge and deal with tradeoffs within quality, and to guide planning for existing and emerging needs.

Stats SA is in the process of implementing a comprehensive data quality improvement program throughout the institution. A working group on data quality is in the process of designing a very detailed Quality Measurement Model for the agency. Improvements are being introduced, through such approaches as reengineering of survey design and structure, developing and improving survey frames, extending survey scope and coverage, facilitating reporting of data, reducing response burden, and regularly soliciting feedback from users.

As stated in the 1999 Annual Report of Stats SA, the approach to strategic management used throughout Stats SA creates linkages with external user organizations and within the organization itself.

Guidance is also received from the South African Statistics Council. As stipulated under Section 8 of the Statistics Act, the Minister, after consultation with the Cabinet, must appoint the Council from nominations obtained through public invitations and from submissions from the executive council of each province. The members of the Council must have relevant professional proficiency and interest and be broadly representative of groups or interests concerned with the production and use of official statistics. The Council plays an active advisory role and, when required, may examine issues in depth and make specific and detailed recommendations to the Statistician General. For example, during the early months of 1999, the Interim Statistics Council, working in close collaboration with Stats SA and a Swedish adviser, continued to coordinate the tasks leading to the passing of the new Statistics Act through Parliament in April 1999.

Stats SA has also benefited from technical assistance, mainly from Sweden, Australia, Canada, and Norway, in the areas of organizational development, training in specific areas, including strategic management, household survey methodology, price-index methodology, national accounts, business register development and census planning. There have also been regular visits by experts from the UN Statistical Office to assist Stats SA with methodological issues concerning the implementation of the 1993 SNA. The technical assistance from international and national agencies has enabled staff to attend workshops, training courses and conferences.

A major objective of the above efforts has been capacity building in the realm of economic and social statistics and statistical infrastructure.

Regular consultations with users (workshops, meetings, and surveys) are conducted to ascertain existing or emerging requirements and to improve the compilation, analysis and presentation of statistical information. Discussion or consultative sessions can either be initiated by users or by Stats SA. For example, when Stats SA detects an emerging new phenomenon or identifies new requirements from users, the agency sets up focus groups to determine their specific needs and follows this up with research on the relevant topic. The results are then presented to users via focus group meetings or workshops. The outputs of this consultation process are evaluated and implemented as relevant.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis.

The independent powers of the Statistician General are defined by Section 5 of the Statistics Act.

The Statistics Act clearly establishes the independent status of Stats SA and provides for measures to ensure the professional independence and integrity of the institution.

Section 5 (3) which defines the role of the Minister responsible for Stats SA, stipulates that “the Minister may not interfere with the power of the Statistician General to decide, in respect of the activities of Statistics South Africa, on the manner in which, and the time when, a statistical collection is to be undertaken; the form, extent and timing of the release of statistical information; or whether a statistical collection should be discontinued.”

1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations.

The compilers of statistics are free to choose the data sources with regard to quality, timeliness, costs, and the burden on respondents. Decisions within Stats SA are taken solely on the basis of professional/technical considerations, within the overall constraints of resource availability and response burden.

1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics.

Stats SA may and does comment on erroneous interpretation and misuse of statistics.

1.2 Transparency

1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public.

All laws and regulations governing the collection, compilation and dissemination of data are published. All questionnaires contain reference to the Article of the Statistics Act governing the collection of data.

1.2.2 Internal governmental access to statistics prior to their release is publicly identified.

Data are released simultaneously to all interested parties. There are strict procedures in place regulating the timing of each release, with precise embargo times and/or “lock-up” procedures.

Stats SA provides pre-embargo access to the data under a “lock-up” system to specifically listed government departments and officials (the office of the President of the Republic, the Department of Finance, and the SARB). The approved representatives are given the press release one hour before the embargo time in a secure room at Stats SA in Pretoria, and remain incommunicado in that secure room until embargo time. Apart from the “lock-up” process there is no internal government access to the data prior to their release to the public.

1.2.3 Products of statistical agencies/units are clearly identified as such.

Stats SA disseminates data under copyright as a service to the public. All Stats SA products are clearly identified as such.

1.2.4 Advance notice is given of major changes in methodology, source data, and statistical techniques.

Stats SA routinely provides advance notice of major changes in methodology, and disseminates an Advance Release Calendar for the following six months in the Statistical release P0142.1 and on <http://www.statssa.gov.za>.

1.3 Ethical standards

1.3.1 Guidelines for staff behavior are clear and publicized.

Article 17 of the Statistics Act sets out rules concerning confidentiality and disclosure. Stats SA management promote rules of professional behavior, through internal guidelines and staff training.

Stats SA staff is also bound by the Code of Conduct of the Public Service guidelines as set out in Chapter 2 of the Public Service Management Framework (PSMF), page 9. The Code of Conduct covers such areas as the relationship of an employee with the legislature and the executive; relationship with the public; relationships among employees; performance of duties; and personal conduct and private interests.

The Public Service is also required to put into practice the following eight “Batho Pele” or “People First” principles in order to arrive at acceptable levels of service and quality as soon as possible: consultation, service standards, access, courtesy, information, openness and transparency, redress, and value for money.

2. Methodological soundness

2.1 Concepts and definitions

2.1.1 The overall structure in terms of concepts and definitions follows international standards, guidelines, or agreed practices: see dataset-specific framework

Stats SA follows the international guidelines set out by the UN Manual on Producer Price Indices for Industrial Goods as the basis for the compilation of the PPI.

2.2 Scope

2.2.1 The scope is broadly consistent with international standards, guidelines, or agreed practices.

Included are all resident market enterprises which account for at least 80 percent of the production of the main locally produced commodities (which are locally sold or exported) and imported commodities. Production prices are collected from fresh produce markets, mines, manufacturers, exporters and importers operating in the South African economy.

The production boundary is in accordance with the *1993 SNA*.

2.3 Classification/sectorization

2.3.1 Classification/ sectorization systems used are broadly consistent with international standards, guidelines, or agreed practices: see dataset-specific framework

The latest version of the SIC 1993, which is based on Standard Industrial Classification of all Economic Activities, rev. 3, is used to classify establishments/enterprises. Commodities are classified using a modified CPA and assigned to industries at the 4-digit SIC 1993 level on a principal product basis. The import and export commodities are classified by SARS according to the Harmonized System and aggregated using the SITC.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks.

The valuation rules used for the output weights are in line with the rules for the *1993 SNA*, i.e., market output is valued at basic prices. For the price index of materials used for selected industries, the weights are appropriately valued at purchasers' prices. Product specifications include transaction characteristics.

2.4.2 Recording is done on an accrual basis

An accrual basis of recording is used for flows for the PPI weights.

2.4.3 Grossing/netting procedures are broadly consistent with international standards, guidelines, or agreed practices.

In principle, the *1993 SNA* rules apply. However, stage-of-processing indices are not presently compiled.

3. Accuracy and reliability

3.1 Source data

3.1.1 Source data are collected from comprehensive data collection programs that take into account country-specific conditions.

The source data used for compiling the weights and deriving the sample frame for the PPI collection are obtained from several survey sources. The main source for the current compilation of weights and for selecting the sample frame is the 1995/96 census of manufactures. (The weights are changed every five years.) The sample of respondents is checked periodically and replenished with substitute units where existing units have closed down.

For output and materials weights, the source data are the quinquennial census (1995 or 1995/6) and the import and export tabulations from the SARS. The main products and industries covered are (a) for locally produced and sold products: agriculture, mining and quarrying, forestry, fishing, manufacturing, electricity, gas and steam, water; and (b) imported products and exported products.

For selecting the sampling frame for the PPI, the following sources were used for the current compilation. In the case of agriculture, the source is the list of fresh produce markets from the Department of Agriculture. For mining and quarrying the list of mines from the Department of Minerals and Energy Affairs is used. For forestry, the list obtained from the Department of Agriculture, and for fishing, the Fishing Handbook 1996, and various sources. In the case of manufacturing, the list of manufacturers from the 1995/6 census of manufacturing and lists from trade unions is used. For electricity, gas and steam the list of producers according to the 1995 census of the industry is used, while the source for water is the Department of Water Affairs and Forestry. For imported products, the list of importers obtained from the SARS is used. For exports, the list of exporters from the SARS is used.

Products were classified according to the relevant SIC subgroups (3 and 4 digit). The products in each subgroup were then sorted according to their value of sales. The products contributing to the top 80 percent of the sales of each subgroup were selected as indicator products. These are the products for which prices are monitored periodically by Stats SA.

An average of 20,000 quotations are collected each month by means of 3,000 questionnaires.

3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required.

The source data broadly meet the requirements of the PPI in terms of definitions, scope, classifications, valuation, and time of recording.

3.1.3 Source data are timely

In the past, there have been delays in processing the census information, thus delaying the rebasing process for the PPI.

3.2 Statistical techniques¹³

3.2.1 Data compilation employs sound statistical techniques

Manufacturing and mining are compiled at the 3- or 4-digit level of the SIC. Agriculture is compiled at the level of the main tabulation categories of the classification used. Sales are used to establish weights.

Price indices for approximately 4,500 indicator products are collected for approximately 20,000 price relatives from about 7,000 respondents. The specifications on the survey include the brand or detailed specification of characteristics; the unit of measure; the delivery; discounts; previous price; price (excluding VAT) and quantity, along with any explanatory remarks.

The price relatives are calculated for each product as the geometric mean of the price relatives for each respondent. This price relative for each product is then applied to the product index for the previous month in order to derive a product index for the reference month.

Group price indices are calculated by weighting product indices with the relevant product weight, according to each group's (local, import, export) weighting structure, using the Laspeyres index formula.

In accordance with international practice, a five-yearly extensive revision of the weighting structure of the PPI is carried out to ensure that the PPI gives an accurate and reliable reflection of production price changes. The latest weighting structure, which relates to 1995/96, was calculated using the relevant census data in respect of the South African production industries (agriculture, forestry, fishing, mining, manufacturing, electricity, gas and water), as well as related data on all imports destined for South African consumption. The weighting structure used to derive the PPI for exported commodities was obtained from information on exports received from the SARS.

The current weighting structure (as well as the current list of indicator products) was introduced as from the June 1999 indices. These index numbers were simultaneously calculated by using the previous (old) 1989/90 weights in order to link the index numbers based on the revised (new) weights to those based on the previous weights. In this way, leveling factors with respect of the various subindices were calculated. These factors were subsequently applied to ensure the continuity of the time series. The linking was carried out in such a way that the resulting time series reflected only price changes and not differences in the price level of the previous and revised indicator product mix.

¹³ This section concerns the source data for the annual PPI as defined in the IMF SDDS.

The reference base period for the PPI is also changed every five years. The base period was changed from June 1995=100 to 2000=100 with effect from February 2001. The weighting system for the new 2000=100 continues to be based on the 1995/96 production information and the 1995/96 information on imports and exports, as described above. The change in the base from June 1995=100 to 2000=100 was effected by dividing each product index of the PPI by its conversion factor (derived by dividing the annual average index for 2000 by the index for June 1995), while retaining the weighting system.

Prices for temporarily missing products are usually handled by carrying forward the last reported price, but excluding the price relative from the calculation of the geometric mean of respondent product price relatives. Substitutions are based on the availability of prices for the substitute product in the previous reference period. Ambiguous price changes are queried telephonically and the prices rectified if necessary.

New products are not usually introduced into the sample as they gain market share, except at the time when the weight base is changed. However, new varieties of a product are introduced. The previous price, as well as the current price should then both be reported. This is then used to calculate a price relative for the replaced variety based on comparable information.

3.2.2 Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques.

The current PPI compilation covers price indices for commodities for South African consumption;¹⁴ price indices for imported commodities; price indices for exported commodities; price indices for materials used in certain industries; price indices for selected materials; price indices for total output of selected South African industry groups and price indices for output of South African industry for South African consumption. There are no attempts to estimate producer prices for the rest of the economy. For the industries covered, the sample selection is based on achieving 80 percent coverage for each industry, with a response rate of at least 90 percent.

3.3 Assessment and validation

3.3.1 Source data—including censuses, sample surveys and administrative records—are routinely assessed, e.g., for coverage, sample error, response error, and nonsampling error; the results of the assessments are monitored and made available to guide planning.

In the past, information on sampling errors was not available for all economic surveys. With the redesign of the Business Register/Frame and the redesign of survey content, and samples, information on sampling errors is becoming available.

¹⁴ Official estimate plus an estimate of unrecorded activities that is added on.

Every effort is made to reduce nonsampling errors to a minimum by careful designing of the questionnaires, editing, and efficient operating procedures.

In the total estimate of output for the industries covered the observed data used as weights account for over 80 percent. In the total estimate of output in the monthly/quarterly price survey, do the sampled products account for over 80 percent.

3.3.2 Main intermediate results are validated against other information where applicable

The PPI by product are compared with the CPI results. Unit value prices for imports and exports are not compiled.

3.4 Revision studies

3.4.1 Studies and analyses of revisions are carried out routinely and used to inform statistical processes.

PPI data are released according to a regular, well-publicized schedule. Major revisions are introduced every five years. The current weight base is 1995/96 and the time reference base is 2000. No other revisions are carried out.

At the time of rebasing (weight-base change), the record is analyzed and reviewed before the new sample is selected.

3.4.2 Revision studies and analyses are made public and used to guide data users.

The rebased estimates are introduced with comprehensive explanatory notes.

4. Serviceability

4.1 Relevance¹⁵

4.1.1 Processes to monitor the relevance and practical utility of existing statistics in meeting users' needs are in place.

Explicit external reviews are regularly conducted to assess whether the program meets user needs.¹⁶ Stats SA has an exceptionally well designed user consultation process in place which appears to be quite effective in obtaining feedback from users.

¹⁵ Relevance reflects the degree to which the program addresses the issues of most concern to the users.

4.2 Timeliness and periodicity

4.2.1 Periodicity follows dissemination standards

The periodicity of the PPI is monthly.

Questionnaires are mailed to respondents to be completed between the first and the seventh day of the reference month. Although prices are generally collected on a monthly basis, the prices of some items are collected quarterly or annually, depending on the frequency with which prices tend to change. However, if it comes to the attention of Stats SA that prices are about to change, these prices will be collected, even if it is not according to the normal schedule time. The list of product groups, according to their normal frequency of collection, is available in the Sources and Methods papers.

4.2.2 Timeliness follows dissemination standards

The timeliness of the PPI meets dissemination standards.

4.3 Consistency

4.3.1 Statistics are consistent or reconcilable over a reasonable period of time

Consistent time series data are available without break for a period of at least five years. Erratic movements in the monthly time series, when they occur, are explained according to the contribution of index components to index change. However, back series are not adjusted, except at the time of rebasing.

4.3.2 Statistics are internally consistent

The PPI estimates are internally consistent.

4.3.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks

The price changes are consistent among comparable components of the PPI and components of the CPI and import/ export price indices (such as output indices for various consumer products and input indices for intermediate goods or raw materials).

4.4 Revision policy and practice

¹⁶ In terms of the topics addressed, the accuracy and timeliness of information being produced.

4.4.1 Revisions follow a regular, well-established and transparent schedule

The release schedule is predetermined and reasonably stable from year to year, and announced in advance of expected release dates.

New source data are incorporated as early as possible

4.4.2 Preliminary data are clearly identified

The data at the time of rebasing are clearly identified as such and are accessible on a sufficiently detailed level.

5. Accessibility

5.1 Data accessibility

5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts)

PPI estimates are disseminated at a detailed level and with time-series and on a seasonally adjusted basis. The data are properly catalogued to allow users to find out what information is available and to assist them in locating it. Further assistance is available through the User Inquiry Section of Stats SA, or from the designated contact person(s).

5.1.2 Dissemination media and formats are adequate

PPI estimates are disseminated through a dedicated monthly or quarterly PPI publication, and/or press release, and through electronic means. Users are regularly consulted on requirements and preferences concerning presentation and dissemination of data and the mode of dissemination, through special workshops or user surveys.

5.1.3 Statistics are released on a pre-announced schedule

PPI estimates are released according to an advance release calendar.

5.1.4 Statistics are made available to all users at the same time

PPI estimates are released simultaneously to all interested users on the date and/or time specified in the advance release schedule.

5.1.5 Nonpublished (but nonconfidential) sub-aggregates are made available upon request

Nonconfidential data at the compilation level are available upon request.

5.2 Metadata accessibility

5.2.1 Documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques is available, and differences from international standards are annotated.

A description of PPI methodology is published in Statistical Release P0142.1 and in Special Sources and Methods papers which are updated with each rebasing (available on request from the contact person).

5.2.2 Different levels of detail are provided depending on intended audience and type of collection

Metadata are available at different levels of detail.

5.3 Assistance to users

5.3.1 Contact person for each subject field is publicized

The Stats SA user help desk provides prompt and knowledgeable service and support. In addition, a PPI contact person is available to provide further assistance as required.

5.3.2 Catalogues of publications, documents, and other services, including information on any charges, are widely available

Stats SA publishes a catalogue of publications, and disseminates information on publications and services through its website.

IV. GOVERNMENT FINANCE STATISTICS

The assessment of government finance statistics is against the existing international standard as set out in the IMF's *Government Finance Statistics Manual, 1986 (GFS86)*. In South Africa, three agencies are involved in the compilation and dissemination of the operations of general government¹⁷. The SANT is responsible for the compilation and dissemination of

¹⁷ The general government in South Africa comprises:

- Consolidated central government—the national government (budgetary central government), four social security funds, and extra-budgetary agencies (94 extra budgetary agencies and 36 Universities and Technicons);
- Provincial governments—9 provinces of the Republic of South Africa; and
- Local authorities—prior to the December 2000 elections, there were 843 local government institutions. There are currently 284 units, with financial reporting, based on the new structures, taking effect from July 1, 2000.

fiscal data on operations of budgetary central government (national government), provincial government and central (national) government debt. The SARB compiles GFS data according to the standard set in *GFS86*, using administrative records of the SANT. Following the *GFS86* standard, the SARB disseminates quarterly and annual data on operations of budgetary central government, consolidated central government, and general government, and disseminates monthly central government debt. The SARB is also the SDDS disseminator of fiscal data. Stats SA compiles and disseminates data on operations of central and provincial governments on an annual basis, as well as on the operations of local governments on a quarterly basis.

In this section, “fiscal data” refers to data on government operations in general, and “*GFS*” refers to fiscal data that are in line with *GFS86*.

0 Prerequisites of quality

0.1 Legal and institutional environment

0.1.1 The responsibility for collecting, processing, and disseminating statistics is clearly specified.

Despite the spread of responsibilities across three entities—the SANT, the SARB and Stats SA—in the compilation of fiscal data, each entity is governed by sufficient legal provisions and regulations to produce fiscal data of good quality. The following Acts govern the activities of these agencies.

All statistics compiled and disseminated by the SANT are governed by the Public Finance Management Act, 1999 as amended on April 1, 2000.¹⁸ The PFMA, Section 9, requires the SANT to compile financial statistics and aggregates statistics in accordance with international standards. In addition, Section 32 requires the publication of monthly statistics on government operations in a format determined by the SANT. The SANT decided that this statistical system should be compatible with international standards using the *GFS86*. The Act requires that national budgetary and provincial government data should be published within 30 days after the end of each month and that the annual reports and audited financial statements should be published on an annual basis. In order to comply with this regulation, the SANT publishes the monthly “Statement of Revenue, Expenditure and Borrowing” in the *Government Gazette*, available on the SANT web site (<http://www.treasury.gov.za>).

Statistics compiled and disseminated by the SARB are governed by the 1996 Constitution of the Republic of South Africa and the South African Reserve Bank Act of 1989. Article 224(2) of the 1996 Constitution of the Republic of South Africa stipulates that the SARB,

¹⁸ Before April 1, 2000, the compilation and dissemination of fiscal data were governed by the Exchequer Act, Act 66 of 1975.

which was established in 1921, is an independent institution. The South African Reserve Bank Act of 1989 governs the activities of the SARB, and provides that it shall collect data needed for its operations.

Stats SA is governed by the Statistics Act, 1999 (Act No. 6 of 1999). The Statistics Act provides for "... a Statistician General as head of Statistics South Africa, who is responsible for the collection, production and dissemination of official and other statistics, and for coordination among producers of statistics." Section 3 (1) of the Act states that the purpose of "official statistics" is to assist organs of state, businesses, other organizations or the public in planning, decision making or other actions, and monitoring or assessment of policies.

Under the Statistics Act, "official statistics" are defined as statistics so designated by the Statistician General in terms of Section 14 (7), and "statistics" are defined as "aggregated numerical information relating to demographic, economic, financial, environmental, social or similar matters, at national, provincial or local level, which is compiled and analyzed according to relevant scientific and statistical methodology."

0.1.2 Data sharing and coordination among data producing agencies are adequate.

Chapter 3 of the Constitution of the Republic of South Africa, 1996 (Constitution) stipulates promotion and facilitation of intergovernmental relations. Section 7(1) of the Statistics Act stipulates that the Statistician General "determines, and exercises final responsibility regarding the determination of the work program for Stats SA; formulating quality criteria and establishing standards, classifications and procedures for statistics, and, in terms of Section 14, promoting coordination among producers of official statistics, in order to advance the quality, consistency, comparability and optimum use of official statistics, and to avoid unnecessary duplication; and endeavor to fulfill the Republic's international statistical reporting obligations."

In practice, the agencies involved in fiscal data collection and dissemination cooperate closely and regularly through working committees, the "Classification Committee" and a press release committee. The published fiscal data have the same scope as the *GFS86* standard and/or can be reconciled to the *GFS86* standard.

The Classification Committee, established in 1998, is responsible for the cooperation of fiscal data compilers and the standardization of fiscal data in terms of the *GFS86*. The Classification Committee functions under the chairmanship of the SARB, with representation from the SANT, Stats SA, and the Office of the Accountant General. The Committee is responsible for the reclassification of all financial records of government to be in line with the GFS principles. The Classification Committee started its work on the statistics of national and provincial governments and is expanding the work to include local government statistics. It also works on financial accounts of other government entities, such as extra-budgetary institutions, and provides information to all member agencies for publication. The committee has also worked closely with departmental and provincial accounting officers; it evaluates the

quality of published statistics by reconciling the statistics with the published records of the Auditor General.

The Classification Committee was established through an informal process for historical and resource availability reasons. While the operations of the Committee has been satisfactory at present, the lack of official written memoranda of understanding on its operations could be a source of vulnerability to its effectiveness should the working environment changes. Written memoranda of understanding among the three agencies should be agreed, including the specific roles and responsibilities of each member agency, as well as coordination and enforcement procedures.

In addition, for purposes of implementing Section 32 of the PFMA (see 0.1.4), a press release committee is responsible for producing monthly reports on the finances of government. This committee consists of representatives from the SANT, the Classification Committee, South African Revenue Service, and the Office of the Accountant General.

0.1.3 Respondents' data are to be kept confidential and used for statistical purposes only.

Fiscal data are compiled from actual public records, except for quarterly data on the operations of extra-budgetary funds, social security funds, and local governments, where the quarterly data are from sample surveys. The SARB conducts a sample survey on a quarterly basis to collect data on the operations of extra-budgetary funds and social security funds. Stats SA carries out a sample survey to collect quarterly data on the operations of local governments. To the extent that the confidentiality requirement is applicable, appropriate legal provision and operational procedures are in place to ensure confidentiality.

The SARB is governed by the South African Reserve Bank Act, No.90 of 1989, Section 33, which states:

“Preservation of secrecy. (1) No director, officer or employee of the Bank, and no officer in the Department of Finance, shall disclose to any person, except to the Minister or the Director-General: Finance or for the purpose of the performance of his or her duties or the exercise of his or her function or when required to do so before a court of law or under any law-.....(b) any other information acquired by him or her duties or the course of his or her participation in activities of the Bank.”

Article 4 of Government Notice No. 702, applicable also to the SARB, states that:

“Any person employed in carrying out the provisions of these regulations who, without lawful excuse, reveals any matter or thing pertaining to individual persons which has come to his knowledge in the course of his official duties to any person whatsoever, or suffers or permits any person to have access to any records which pertain to individual persons and which are connected with carrying out of those provisions, shall be guilty of an offence and liable on conviction to a fine and/or imprisonment.”

The Statistics Act No. 6 of 1999 governs the operations of Stats SA and is also applicable to the SARB in the context of sample survey work. The Act states in Section 3 (2) that “official statistics must protect the confidentiality of the identity of, and the information provided by respondents.”

The Statistics Act, Section 17(1) stipulates that: “despite any other law, no return or other information collected by Statistics South Africa for the purposes of official or other statistics that relates to (a) an individual; (b) a household; (c) an organ of state; (d) a business; or (e) any other organization, may be disclosed to any person, except with the prior written consent of the person from whom such return or other information was collected or his or her representative;” or where the information was already in the public domain.

The Statistics Act, Subsection 7(a) of Section 17, also requires that “the Statistician General and every officer of Statistics South Africa must (a) before assuming duty, take an oath of confidentiality prohibiting disclosure of any information coming to his or her knowledge by reason of such duty before its release is authorized by the Statistician General, and (b) preserve, and promote the preservation of, confidentiality in respect of all information that may come to his or her knowledge by reason of such employment.”

In addition, Subsection 17 of Section 14 requires that “every employee within the organ of state or body who is engaged in any joint collection with Stats SA or to whom such statistics are made available, must take an oath of confidentiality similar to that provided for in Section 17(7) (a), whether or not he or she has taken an oath of confidentiality in terms of any other law.”

0.1.4 Statistical reporting is ensured through legal mandate and/or measures implemented to encourage voluntary response.

The PFMA mandates the public reporting of fiscal operations of all public sector entities, including budgetary central government, extra-budgetary entities, social security funds, and provincial governments. These statements form the basis of the annual analysis for GFS purposes.

In addition, Section 32 and Section 40 (4) of the PFMA require submission of public financial statements within a timeframe that allows GFS compilers to produce GFS data within the required timeliness of the SDDS. Section 32 requires publishing of reports on the state of budget with the following timeframe:

- Within 30 days after the end of each month in the national *Government Gazette* a statement of actual revenue and expenditure with regard to the National Revenue Fund.
- After the end of a prescribed period, but at least quarterly, every provincial treasury must submit to the SANT a statement of revenue and expenditure with regard to the

Revenue Fund for which that treasury is responsible, for publication in the national *Government Gazette* within 30 days after the end of prescribed period.

In order to comply with Section 32 above, Section 40 (4) requires public accounting officers to submit financial information in the prescribed format on actual revenue and expenditure for the preceding month to the relevant treasury within 15 days of the end of each month.

The PFMA also requires these entities to publish a full set of financial statements within six months after the end of a financial year, starting from April 1, 2003

Analogously to the requirements on financial reports for central and provincial governments, local governments are required to submit financial reports of a specified standard and timeframe as described by the Municipal Finance Management Bill, 2001. Until this Bill becomes effective, the requirements are those prescribed in the Municipal Finance Act, 1998.

The Statistics Act is applicable to agencies conducting quarterly surveys of government agencies. Section 14 (9) of the Statistics Act, stipulates that “the head of any other organ of state must, within a reasonable period, supply the Statistician General with information he/she may request regarding any official or other statistics for which that organ is responsible; grant the Statistician General or any officer of Statistics South Africa authorized by him unhindered access, without charge, to such information or data of that organ of state as the Statistician General requests, and to copy, without charge, any information or data which may be used in producing official statistics.”

The Statistics Act, Section 16 (2), also stipulates mandatory compliance with Stats SA’s requests for information, in verbal or written form, and Section 18 specifies penalties for noncompliance. Section 15 provides for authorized entry or inspection of premises by Stats SA officers, upon the issue of a warrant by a magistrate or a judge of a High Court.

With the legal powers described above, GFS compilers have sufficient access to the financial information of government institutions on a timely basis.

Budgetary central government: Information is obtained directly from the financial records of government. The SANT publishes a monthly press statement prepared by the press release committee. The monthly data are reclassified according to *GFS86* principles and published as quarterly and annual statistics by the SARB and Stats SA.

Extra-budgetary and Social Security Funds: A quarterly survey conducted by the SARB provides information on extra-budgetary institutions and social security funds. The PFMA, Chapter 6, requires the entities to publish a full set of annual financial statements within seven months after the end of a financial year. These statements form the basis of the annual analysis for GFS purposes.

Local governments: Quarterly data for local governments are collected by a sample survey conducted by Stats SA. This survey is supplemented by a regular annual census of local

authorities by Stats SA. The SANT is in the process of drafting new legislation similar to the PFMA—the Municipal Finance Management Bill, 2001—that will govern financial management and information dissemination of the local governments, and will replace the Municipal Structures Act, 1998 (Act No. 117 of 1998).

0.2 Resources

0.2.1 Staff, financial, and computing resources are commensurate with institutional programs.

While resources are adequate in terms of human capital and equipment for current operations, the SANT would benefit from more training in *GFS86*. In order to expand the implementation in line with the PFMA requirements, additional human resources, training and equipment will be required. The Directorate of Public Finance Statistics of the SANT comprises three technical experts, one international consultant and one secretarial assistant. The technical experts are responsible for preparing GFS statements for inclusion in all publications of the SANT. The international consultant is responsible for the development of budget reporting formats in line with *GFS86*. The SANT is in the process of expanding this section in order to improve coverage of the existing treasury database to include detail on extra-budgetary institutions and local government. Treasury officials are provided with on-the-job training and are exposed to any other training courses offered in South Africa. There is cooperation with the SARB in the area of training in order to ensure the transfer of skills.

The SARB seems to have adequate resources in terms of trained staff and equipment. The Public Finance Division of the SARB comprises ten technical experts and one secretarial assistant. All these staff are partly involved in the compilation of GFS data. The SARB recognizes the importance of training and offers various forms of training, including attending the IMF Institute, international conferences, and on-the-job training. The SARB has its own training college for staff from the SARB and other local and regional institutions (especially the SADC.)

While budgetary and computer allocations are commensurate with current needs, Stats SA, Subdirectorate for Local Government Accounts responsible for compiling and disseminating fiscal data, has limited trained staff because of high-staff turnover.

0.2.2 Measures to ensure efficient use of resources are implemented.

There is no evident sign of inefficient use of resources. The direct costs associated with compiling the GFS in South Africa are not measured. Officials involved in the compilation of the GFS normally have other responsibilities as well. The work on GFS is also the combined effort of numerous agencies and resources are not directly accounted for. In general, the budget implementation process and expenditure control system serve to enforce the efficient use of resources. All public agencies are subject to an annual financial audit.

South Africa is embarking on a very ambitious program to fulfill the objective of the 1996 Constitution of the Republic of South Africa regarding transparency and accountability. The PFMA requires the rigorous financial reporting system to enhance transparency and efficient use of resources. The PFMA mandates that, from fiscal year 2001, public agencies will be subject to financial as well as performance audit. Steps are being taken to implement this requirement. Section 40(1) (d) of PFMA requires that the annual reports of public agencies must:

“(b) include after 1 April 2002 information about the institution’s efficiency, economy, and effectiveness in delivering programs and achieving its objectives and outcomes against the measures and indicators set out in any strategic plan for the year under consideration.”

The SARB, the SDDS disseminator of GFS, also publicly declares in its “Mission Statement” that:

“Business philosophy is to ensure, through the application of modern management practices and technology, that all its activities are conducted at the lowest possible cost.”

To avoid duplication of efforts and ensure cost effectiveness of the compilation process, Section 14 of the Statistics Act 1999 governing Stats SA states that no organ of state may undertake a new statistical collection or substantially vary or discontinue any statistical collection.

0.3 Quality awareness

0.3.1 Processes are in place to focus on quality, to monitor the quality of the collection, processing, and dissemination of statistics, to acknowledge and deal with tradeoffs within quality, and to guide planning for existing and emerging needs.

Quality is well recognized as the cornerstone of statistical work among compilers of fiscal data. According to Section 14 of Statistics Act, 1999 the Statistician General may advise any organ of state regarding the application of appropriate quality criteria and standards. The PFMA also requires the financial reports be of GRAP. Fiscal data are compiled to the extent possible using audited information. Revisions are made as soon as more reliable information becomes available and reconciliation is done on a regular basis prior to publication of data by the three agencies.

The terms of reference of the Classification Committee states that it must ensure a continuous assessment of the quality of data available for all the levels of the general government. Quality improvements are made continuously through regular consultation, reconciliation and discussion on data issues among relevant agencies.

In addition, as the agency with core responsibility in statistics compilation, Stats SA has embarked on a major quality improvement program. It has established a working group on

data quality which meets once a week and is in the process of designing a very detailed Quality Measurement Model for the agency.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis

Compilation and dissemination of GFS and fiscal data are supported by *PFMA 1999* (as amended on April 1, 2000), the South African Reserve Bank Act, 1989, and Statistics Act 1999, to ensure that the statistics are compiled on an impartial basis. Existing strong professional culture and ethics, as well as cooperation among agencies compiling fiscal statistics, result in the independence of GFS compilation.

Article 224(2) of the 1996 Constitution stipulates that the SARB is an independent institution, that it must perform its functions independently and without fear, favor or prejudice, but there must be regular consultation between the SARB and the Cabinet member responsible for national financial matters. No ministerial commentary is attached to the release of the data.

The specific requirement on impartiality from the Statistics Act, No. 6 of 1999 mandates:

“Official statistics must protect the confidentiality of the identity of, and information provided by, respondents, and be:

- (a) relevant, accurate, reliable and timeous;
- (b) objective and comprehensive;
- (c) compiled, reported and documented in a scientific and transparent manner;
- (d) **disseminated impartially;**
- (e) accessible;
- (f) in accordance with appropriate national and international standards and classifications; and...

Section 6 of the Statistics Act also stipulates that the President must appoint to the post of the Statistician General an appropriately qualified person for a term not exceeding five years, and that in the performance of his/her duties the Statistician General must be professionally independent by acting impartially and exercising his/her powers and performing his/her duties “without fear, favor or prejudice.”

1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations

The SANT, the SARB, and Stats SA select source data and statistical techniques solely on statistical consideration. In an attempt to raise the quality of data, all possible sources of

information are evaluated on a continuous basis to ensure that the best data sources are used. The legal framework, described earlier, facilitates professional integrity in the selection of source data.

1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics

GFS compilers provide technical explanations and responses to queries and misinterpretation of GFS. If an issue of misinterpretation is significant, response is made in the form of an agency's press release. The public may communicate directly with GFS compilers and fiscal data compilers through several means, including the Internet.

1.2 Transparency

1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public.

Laws and regulations governing the compilation and dissemination of GFS are widely disseminated through the Internet as well as published sources. The amended PFMA states that the object of the Act is to ensure transparency, accountability, and sound management of revenue, expenditure, assets and liabilities of all government institutions.

The following laws, which are freely disseminated to the public, govern the compilation of all fiscal data in South Africa:

- The Constitution of the Republic of South Africa, 1996—available at <http://www.polity.org.za>
- The South African Reserve Bank Act, 1989—available at the SARB's headquarters.
- The Public Finance Management Act, 1999 (as amended) and Municipal Finance Management Bill, 2001—are available at the National Treasury Headquarters, or on the Internet web site <http://www.treasury.gov.za>
- Stats SA Act 1999—available at <http://www.statssa.gov.za>

There are no restrictions on access to published fiscal data, except for quarterly sample survey data. The SARB and Stats SA do not release data supplied by individual agencies to the quarterly sample survey because they are confidential. Any enquiries on these survey data are referred to the individual agencies.

1.2.2 Internal governmental access to statistics prior to their release is publicly identified.

GFS data are released simultaneously to all interested parties. For some data that are released subject to an embargo basis, the terms of release are identified on the web sites of the disseminating agencies and on the IMF's Dissemination Standards Bulleting Board.

The SARB releases the *Quarterly Bulletin* to the press, on an embargo basis, six hours before general release (subject to delivery by the printing company), and on condition that no data may be released prior to the lifting of the embargo. There is no pre-embargo release.

1.2.3 Products of statistical agencies/units are clearly identified as such.

The SARB, the SANT, and Stats SA describe the statistical products and publication lists on their Internet web sites. Most published information is available directly from the web sites.

1.2.4 Advance notice is given of major changes in methodology, source data, and statistical techniques.

Major changes in methodology are announced at the time a change is introduced. There is no requirement to give advance notice of major changes in source data and/or statistical techniques.

The SARB communicates any significant changes in methodology by means of “notes” and prominent line breaks in data series in its *Quarterly Bulletin* at the time of a change. However, no advance notice of changes is given.

The SANT publishes major changes in methodology of compiling budgetary central government data in the annual *Budget Review*, which is released on the day of the presentation of the national budget to Parliament. Other changes in methodology are announced in the SANT’s monthly press release at the time they are introduced. For major changes, the SANT issues press releases ahead of time, for example, the start of a new monthly report format of data on government operations.

Stats SA also issues notices when significant changes in methodology in compilation of fiscal data are made.

1.3 Ethical standards

1.3.1 Guidelines for staff behavior are clear and publicized.

The Public Service Regulations 2001 provides a code of conduct governing the behavior of officials at all government agencies, including the SANT and Stats SA. This code of conduct regulates access to information and the dissemination of information to the public. It recognizes the public right to access information within the limits of the public servants’ obligation to honor the confidentiality of information protected by law.

The South African Reserve Bank Act, No. 90 of 1989 set out the code of conduct regarding confidentiality (see 0.1.3). The SARB has no other written code of conduct, although staff are subject to a general employment contract. In practice, the culture of the institution includes high professional and ethical standards.

Regarding compilation and dissemination of fiscal data, the PFMA prescribes the format and timeframe of financial reporting of public entities (see 0.1.4). In addition, the SANT has issued various regulations and notices to ensure full compliance with the PFMA, such as “Treasury Regulations for Department, Constitutional Institutions and Trading Entities,” *Government Gazette*, No. 21249, May 31, 2000.

The three GFS compiling agencies operate in an environment that promotes professionalism. Staffs are encouraged to participate in professional conferences, courses, and methodological development workshops with international statistics institutions, such as the IMF.

2. Methodological soundness

2.1 Concepts and definitions

2.1.1 the overall structure in terms of concepts and definitions follow international standards, guidelines, or agreed practices.

The SARB compiles and disseminates fiscal data using the full concept of GFS based on the *GFS86*. Fiscal sector coverage is general government operations and consolidated central government operations (quarterly basis). The SANT and Stats SA follow the concept closely, with a few exceptions (see 2.3 below). In case of minor differences from the *GFS86*, the data are disseminated with sufficient detail for users to reclassify them to the *GFS86* basis. Since 1999, to assist users and to demonstrate the transparency of the budget format, the *Budget Review* document contains an appendix to explain these few differences.

South Africa has made significant progress in its preparation to migrate from the *1986 GFS Manual* (cash basis) to the new draft *GFS Manual* (accrual basis). The PFMA requires reporting of government operations to be on an accrual basis that makes the accounting and data reporting compatible with the new *GFS Manual*. The SANT actively provides guidelines and training programs to assist financial officers, accountants, and other relevant staff of all levels of governments in the migration path to the accrual basis of accounting. The accounting system is being upgraded to provide information on accrual basis for all public entities. By the end of fiscal year 2001, the Auditor General’s reports on government operations will be on a “modified-cash basis”—a step in the preparation to an accrual accounting. The modified-cash basis enhances more accurate compilation of the GFS and requires some information on a balance sheet concept. New Chart of Accounts is being tested in one provincial government before being applied throughout the central and provincial government system.

Furthermore, the PFMA 1999, Section 89 requires the establishment of an Accounting Standards Board to be responsible for the development and implementation of GRAP. Section 89 states:

“(1) The Accounting Standards Board must—

- (a) set standards of generally recognized accounting practice as required by section 216(1)(a) of the Constitution, for the annual financial statements of –
 - (i) departments;
 - (ii) public entities;
 - (iii) constitutional institutions;
 - (iv) municipalities and boards, commissions, companies, corporations, funds or other entities under the ownership control of a municipality; and
 - (v) Parliament and the provincial legislatures;
 - (b) prepare and publish directives and guidelines concerning the standards set in terms of paragraph (a);
 - (c) recommend to the Minister effective date of implementation of these standards apply; and
 - (d) perform any other function incidental to advancing financial reporting in the public sector.
- (2) In setting standards the Board must take into account all relevant factors, including:
- (a) best accounting practices, both locally and internationally; and
 - (b) the capacity of the relevant institutions to comply with standards.
- (3) the Board must set different standards for different categories of institutions to which these standards apply.
- (4) The standards set by the Board must promote transparency in and effective management of revenue, expenditure, assets and liabilities of the institutions to which these standards apply.”

2.2 Scope

2.2.1 The scope is broadly consistent with international standards, guidelines, or agreed practices:

The scope of fiscal data used by the SARB and Stats SA is in line with the *GFS86*. The scope of data covers the complete general government operations and consolidated central government operations. Monthly data are available only for the budgetary central government operations from SANT and broadly follow the GFS concept. The Classification Committee continuously monitors the numbers of government entities, such as extra-budgetary funds, to ensure the full scope of general government. There is no supplementary data on quasi-fiscal activity.

The SARB compiles and disseminates quarterly and annual fiscal data on consolidated central and consolidated general governments using the GFS concept. Government finance statistics are also available separately for the consolidation statements of: (1) social security funds, (2) extra-budgetary funds, (3) provincial governments, and (4) local governments.

The scope of the central government debt data is according to the *GFS86*. The monthly data reflect the total stock of outstanding contractual obligations of the national government, classified according to the debt instruments used and their marketability. Stats SA compiles and disseminates annual statistics with cross-classification details on functional and economic classifications on: (1) consolidated expenditure; (2) financial statistics of extra-budgetary accounts and funds; (3) provincial government expenditure; and (4) financial statistics of local authorities. Given the very detailed information that is mostly from audited records, data are available after a long-time lag; for example, the latest data on consolidated expenditure by general government for 1996/97 were published in October 1999.

2.3 Classification/sectorization

2.3.1 Classification/sectorization systems used are broadly consistent with international standards, guidelines, or agreed practices.

The SANT disseminates budgetary central government data that are broadly classified according to the *GFS86*, with a few exceptions as follows:

- An insignificantly small number of indistinguishable grants are included in revenue.
- Budgetary central government operations, channeled through the consolidated Exchequer and Paymaster General Accounts, do not identify lending minus repayment operations separately. This implies that revenue data include repayments of loans extended and expenditure data include lending transactions that are part of the normal day-to-day operations of the spending agencies. Identifiably extraordinary receipts and payments are excluded from the calculation of the deficit in order to derive a set of data that is comparable over time. These extraordinary transactions are considered to be part of the financing activities of government.
- According to the *GFS86*, discounts on the issues of government stock are considered to be interest subtracted in advance and should be reported as expenditure at the time that the payment is made for the redemption of the debt. However, due to a lack of information in the records of the budgetary central government, these discounts are not included in the expenditure data—they are treated as part of financing transactions at redemption of debt. Debt data are available by instrument. Data on the indebtedness to different subsectors of the economy are not available in the fiscal records due to problems experienced by some member banks of the Central Depository Limited in providing the required data. However, data are available for domestic debt by ownership using information from the banking system. The Gold Price Adjustment Account, the Foreign Exchange Adjustment Account and the

Forward Exchange Contracts Adjustment Account were established and are managed by the SARB on behalf of the SANT. At the close of each financial year of the Bank or at such other times as the SARB and the SANT may determine, any credit or debit balances on these accounts are transferred to the Gold and Foreign Exchange Contingency Reserve Account. This obligation is only recognised as being debt of the central government once it has been transferred to the latter account.

In addition, the SANT's monthly statement of "*National Revenue, Expenditure, and Borrowing*" also disseminates a summary of cash flow data for the budgetary government. The cash flow data are required by the new draft GFS Manual.

The quarterly and annual consolidated general government data compiled and published by the SARB and Stats SA cover all the general government units in South Africa. Data are published for the subsectors of general government, as well as for their components. The institutional sectors are defined in terms of the *1993 SNA*, while revenue, expenditure, financing and debt data are defined and classified according to the *GFS86*.

The SARB compiles fiscal data according to the *GFS86*'s classification. The *Quarterly Bulletin* disseminates quarterly GFS data with economic classification for budgetary central government, consolidated extra-budgetary funds, consolidated social security funds, consolidated central government, consolidated provincial governments, consolidated local governments, and consolidated general government. Stats SA disseminates annual data on functional and economic classification basis for consolidated general government. Stats SA also publishes very detailed audited data on the operations of general government and its subgroup (see 2.2.1) with a matrix of economic and functional (organizational) classifications that broadly follows *the GFS86* basis. The data are on an annual basis but with a few years lag due to the classifications of the Vulindlela information by the Classification Committee.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks

All flow data are compiled and disseminated at current market prices, in accordance with the *GFS86*.

Government debt is recorded in line with the principles of the *GFS86*. Government debt is recorded at the time the borrowing takes place, i.e., when payment is made and maturing obligations are removed from the outstanding debt, when government payment or exchange for new obligations occurs. Noncash generation or extinction of debt is recorded when the debt is created or cancelled. Transactions in foreign currency are converted to local currency using the spot rate at the transaction point.

Quarterly data on outstanding central (national) government debt¹⁹ are of nominal value with foreign debt calculated using month end exchange rate. The debt is measured as on the last working day of each month, fiscal year and calendar year. Outstanding debt is valued at the amount the government is obligated to pay when the debt matures, that is, at its nominal, par, or face value. Debt denominated in foreign currencies is valued at appropriate foreign exchange rates as at the end of each period.

2.4.2 Recording is done on an accrual basis

All transactions are recorded on a cash basis following the *GFS86*; preparation to change to an accrual basis, as recommended by the new *GFS Manual*, is on going. Starting in FY2000/01, the Accountant General requires that public accounting records are to change to the “modified-cash basis.”

The PFMA prescribes a comprehensive program of reforming the management of government finances. Many elements of the program are compatible with the new *GFS Manual*. The SANT expects that the completion of the program will take seven to ten years. Several measures are already in train:

- In line with the PFMA, the *Government Gazette* No. 21053 (March 31, 2000) sets out a timetable for introducing various accounting and reporting changes. In addition, the SANT is providing regular reports on the status of PFMA implementation to the public.
- The SANT is issuing (including on the Internet) several guidelines for the implementation of PFMA reporting requirements, for example, “*Guideline for Accounting Officers—the Approach to the Act and Treasury Regulations*,” “*Guidelines for Annual Reporting*,” “*Statement of Generally Accepted Municipal Accounting Practice*.”
- An Accounting Standards Board is being established with the mandate to set the GRAP. This will serve not only to establish a unified fiscal accounting system and reporting format for all public entities, but will also prescribe reporting on an accrual basis.
- A new Chart of Accounts has been prepared that will allow automatic compilation of fiscal data for different purposes, including for GFS. The new Chart of Account is being tested at the provincial level.
- Multi-year budgeting (the Medium-Term Expenditure Framework) has been introduced as from FY 1999/00 for national and provincial governments. Further

¹⁹ Noncash generation or extinction of debt is recorded when the debt is created or cancelled.

improvements are being made to ensure effective fiscal management across different government levels and public entities. For local government, multi-year budgeting has been proposed to start from FY 2001/02.

- An extensive training program at all government levels is progressing. The SANT also provides training in the Institute of Public Finance and Accounts to public accounts officers.

2.4.3 Grossing/netting procedures are broadly consistent with international standards, guidelines, or agreed practices.

All fiscal data are recorded on a gross basis that allows for netting value when applicable. This is consistent with the *GFS86* standard.

3. Accuracy and reliability

3.1 Source data

3.1.1 Source data are collected from comprehensive data collection programs that take into account country-specific conditions.

Fiscal data are compiled from comprehensive data sources for operations of general government, except for quarterly data on extra-budgetary operations, social security funds, and local government. A small portion of quarterly fiscal data is drawn from a sample survey data (see below). Where a sample survey is used, data are revised as soon as the actual numbers become available. Audit data from the Auditor General's office are used to produce final data. Breakdowns of detailed data allow consolidation at different levels of government.

For the **budgetary central government**, comprehensive data are taken directly from the records of the Accountant General of the SANT and from the SARS. No estimates are required. All the data are subject to an annual audit by the Office of the Auditor General.

For the **consolidated general government**, the source data are:

- Budgetary central (national) government—The data are taken directly from the administrative records of the government departments.
- Social security funds—Data are taken from the annual audited financial records of the funds, where available. Where the latest data are not available, estimates based upon the last available financial statements and a quarterly survey are made.
- Extra-budgetary funds—Annual data are taken from the annual audited financial records of the funds. Where the latest data are not available, estimates based upon the last available financial statements are made. Quarterly data are taken from a quarterly

survey that covers approximately 80 percent of the financial activities of extra-budgetary agents.

- Provincial governments—Annual data are obtained from the audited financial records of the provinces. Data are taken from the monthly and quarterly financial statements submitted by the provinces.
- Local governments—Stats SA compiles sample survey data on a quarterly basis for the SARB in order for the SARB to compile GFS data. Data are based on the information furnished by a sample survey of local authorities covering more than 80 percent of the financial activities of local authorities in South Africa. However, complete data are used for the reporting of capital expenditure.

Source data for central government debt are from the comprehensive records of the Assets and Liability Management Unit of the SANT.

3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required.

Financial accounts of budgetary and provincial governments can be aligned with GFS categories using a template from the Vulindlela information management system, which identifies the proper classification, link from the detailed data of the Accountant General's records to the GFS compilation.

A new Chart of Accounts is being developed to allow more flexibility in terms of compilation of accounts for different reporting purposes. Once the new Chart of Accounts is implemented, together with the Vulindlela system, the derivation of the GFS will be fully automatic. The draft new Chart of Accounts is being piloted in one province. The new Chart of Accounts is being tested and no conclusion on the success of it can be made at this stage.

The fiscal year for budgetary central and provincial governments (year ending March 31) differs from that of local governments (year ending June 30). This difference complicates somewhat the GFS aggregation at the general government level. Nevertheless, the availability of quarterly data and the Vulindlela information management system enable appropriate alignment for the compilation of GFS data on a quarterly basis.

While, from the purely GFS viewpoint, using the same fiscal year would facilitate the consolidation of statistics of different government levels, the present practice is justified because of the cycle of fund transfers from higher level of governments to lower.

3.1.3 Source data are timely.

Source data are available on a timely basis to allow the dissemination of data on central and general government operations, meeting the timeliness requirement of the SDDS. Monthly data are only available for budgetary central government from the general ledgers of

government. Source data for the consolidated central government operations are available only to provide the compilation of the consolidated central government on a quarterly basis. Source data for the consolidated general government operations are available on a timely basis to allow compilation of correspondent GFS data with the timeliness of one quarter, which exceeds the SDDS requirement (two quarter after the reference period).

Central government debt data are also available on a timely basis, except for the central government guaranteed debt. The data on government guaranteed debt are available with a time lag of one year. The accounting and recording system is being improved and more timely data are expected shortly. Guaranteed debt was about 17 percent of the value of total debt outstanding, including guaranteed at the end of fiscal year 2000.

3.2 Statistical techniques

3.2.1 Data collection employs sound statistical techniques.

The Classification Committee oversees and ensures the quality of the data (see details in 0.1.2). The GFS source data are from actual and complete administrative records that are subject to internal and external audit. However, a small portion of data on the consolidated general government operations relies on sample survey for **quarterly data**. In this instance, the survey and estimation techniques are of internationally accepted standards. The survey covers extra-budgetary funds, social security funds and local governments (current expenditure only). The sample of local governments covers about 80 percent of the total budget for the consolidated local government sector. Data are revised as soon as audited information is available.

3.2.2 Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques.

The data compilation system is computerized to efficiently cross-check to ensure accuracy of the data. Effective reconciliation is achieved across levels of governments, and with other economic sectors, such as the banking sector.

3.3 Assessment and validation

3.3.1 Source data—including censuses, sample surveys and administrative records—are routinely assessed, e.g., for coverage, sample error, response error, and nonsampling error; the results of the assessments are monitored and made available to guide planning.

There are no material gaps in the coverage and/or completeness of data collection. The Classification Committee assesses and monitors the data compilation system to ensure and appropriate trade off between accuracy and timeliness. Most timely data are sufficiently accurate for policy development and monitoring. In the past, audited data were available with time lag of about two years. However, the PFMA requires that from fiscal year 2000/01 audited data must be available with a timeliness of one year after the reference year.

Furthermore, by April 2003 audited data must be published within seven months after the reference year.

Budgetary central government, central (national) government debt, and consolidated general government data are published in a regular cycle, where preliminary data are subsequently replaced by final audited data. GFS data are published in the *Quarterly Bulletin* of the SARB with notification of status of the data used for each period.

3.3.2 Main intermediate results are validated against other information where available.

Most information is derived from the source data of the general ledgers of government, which are not readily available elsewhere and cannot be validated from other sources. In those cases where second sources exist, such as transfers between different government units, the data are compared for accuracy. Cross-checks are also made against financial records from the banking system when they are applicable.

3.3.3 Statistical discrepancies and other potential indicators of problems in statistical outputs are investigated and made available to guide users.

There are no material statistical discrepancies between the financing from the GFS side and the corresponding monetary data, nor with the above- and below-the-line data. A system of internal and external checks seems to work effectively. The SARB and the SANT work closely to ensure consistency of fiscal data with other sector data. The Classification Committee is responsible for ensuring that published GFS data are of international standard.

3.4 Revision studies

3.4.1 Studies and analyses of revisions are carried out routinely and used to inform statistical processes.

Analysis to ensure reliability is a part of routine operations. The SARB (the SDDS agency for fiscal data) continuously checks preliminary data against the final data. In general, the difference between preliminary data and final data is less than 10 percent. Further investigation is done when needed to ensure that the compilation system is accurate. On a broader scale, and over all three agencies, the Classification Committee has oversight over the accuracy of the fiscal information and does revision analysis.

3.4.2 Revision studies and analyses are made public to guide data users.

All fiscal compiling agencies carry out internal analysis of revisions on a routine basis as part of their operations. However, the analysis is not in the form of a research project and is not published externally.

4. Serviceability

4.1 Relevance

4.1.1 Processes to monitor the relevance and practical utility of existing statistics in meeting users' needs are in place.

The SANT and the SARB compile GFS data within the same timeframe as the budget preparation and monitoring of fiscal policy. The data are sufficiently timely for economic analysis and assessment. The SANT's budgetary preparation and analysis relies on the SARB's GFS.

Quarterly and annual data for operations of general government, with detailed economic and functional classifications are useful for preparing and analyzing fiscal policy. Monthly budgetary central government expenditure data are available with limited economic classification, but with more details by organizational classification, making the data less useful for fiscal policy analysis. More extensive economic classification is planned after the New Chart of Accounts goes into operation during fiscal year 2002.

Central government debt data are available on a monthly basis with sufficient details for economic and financial analysis, except for government guaranteed debt data (see 3.1.3).

4.2 Timeliness and periodicity

4.2.1 Periodicity follows dissemination standards

and

4.2.2 Timeliness follows dissemination standards.

All fiscal data compiled and disseminated follow internationally accepted standards in terms of periodicity and timeliness, except data on central government guaranteed debt (see details in Chapter II Data Dissemination Practices and 3.1.3). In some cases, the international standard exceeds the SDDS requirement in terms of periodicity and timeliness (see Table 1).

- For general government operations, the data are available on a quarterly basis, exceeding the SDDS requirement of "at least annually." These data are available one quarter after the end of the reference period.
- For central government debt, the monthly debt data are available one month after the end of reference period, exceeding the SDDS requirement of quarterly periodicity.

4.3 Consistency

4.3.1 Statistics are consistent or reconcilable over a reasonable period of time.

Generally, the fiscal data series are consistent over time. Historical data are adjusted, as far as possible, for discontinuities arising from methodological developments or changes in coverage. Where this has not been done, breaks in the time series are clearly identified and explained. The SARB checks the consistency of the institutional coverage for fiscal data with other sectors such as the banking sector, for example, by comparing the list of extra-budgetary funds reporting from government accounts and the list of corresponding accounts from the banking records. Significant changes in data, for example changes of institutional coverage or methodological change are explained explicitly with “notes” in the SARB’s *Quarterly Bulletin*. The SANT’s *Budget Review* document also includes an appendix describing the methodological differences between the South African fiscal statistics system on the one hand, and the 1993 SNA on the other.

4.3.2 Statistics are internally consistent (e.g., accounting identities observed).

GFS are internally consistent across components, and major components add up to the aggregates. Procedures are in place to ensure that the benchmark monthly and quarterly data link consistently to annual data. In the areas where data rely on sample survey (quarterly consolidated central government operations and quarterly general government operations) to produce higher periodicity data, the data are revised and adjusted as soon as actual data become available.

In addition to cross-checking for internal consistency within each entity producing fiscal data, the Classification Committee cross-checks across these entities. The SANT, the SARB, and Stats SA cooperate closely in this regard.

4.3.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks.

GFS, as reported by the SARB, are consistent with statistics of other sectors. Fiscal data obtained from government sources are cross-checked for consistency with banking records and adjustment are made and shown. Detailed data from other sectors are adequate to allow consolidation of the GFS that make the data consistent across economic sectors. For example, the general government concept is used for the government finance sector as well as the national account sector. The local government sector, classified as a subgroup of the private sector for money and banking statistics, can be reconciled with the local government in the GFS data. GFS and BOP statistics use the same source data.

All major components of GFS from government records (revenue and expenditure) are adjusted and reconciled with cash flow data from the banking sector. Relevant valuation adjustments are also made to ensure consistency of net borrowing requirement on a cash basis with financing on a cash basis.

4.4 Revision policy and practice

4.4.1 Revisions follow a regular, well-established and transparent schedule.

Monthly source data are not revised. Quarterly data are preliminary because they rely partly on sample survey data. The data are revised and adjusted accordingly when final data become available. Footnotes clearly state the status of the data to be preliminary over a period of two years. Annual budget data are revised when the audited data become available. Debt data are final because they are from actual banking records.

4.4.2 Preliminary data are clearly identified.

See 4.4.1. When applicable, footnotes indicate the preliminary status of data in tables of the SARB's *Quarterly Bulletin*, and the SANT's *Budget Review*. Notes in annexes of Stats SA's *Statistical Releases* explain the status of data.

5. Accessibility

5.1 Data accessibility

5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts).

The presentation of fiscal data generally follows the GFS standard format. Fiscal data are compiled and disseminated in a clear and understandable manner and in sufficient detail to satisfy users' needs.

5.1.2 Dissemination media and formats are adequate.

Dissemination policy relating to GFS is clearly publicized in the IMF's SDDS web site. The SANT, the SARB, and Stats SA provide fiscal data through electronic means as well as hardcopy publication. Detailed information regarding available published information and contact reference is disseminated in each entity's web site and in the IMF's SDDS web site.

5.1.3 Statistics are released on a pre-announced schedule.

Agencies responsible for fiscal data disseminate advance release calendars with sufficient lead-times on each agency's web site. The advance release calendar is also available on the IMF's SDDS web site with a lead-time of three months. Monitoring under the SDDS requirement indicates that fiscal data are released according to the advance release calendar.

5.1.4 Statistics are made available to all users at the same time.

All fiscal data are simultaneously released to all users, and data released to the press are embargoed. Information on internal government access to data before release is described on the SDDS web site.

5.1.5 Nonpublished (but nonconfidential) sub-aggregates are made available upon request.

More detailed government statistics (nonpublished but nonconfidential) are available upon written request to the agency responsible.

5.2 Metadata accessibility

5.2.1 Documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques is available, and differences from international standards are annotated.

Information on methodology on fiscal statistics is not at present available from the web sites of the three agencies compiling fiscal statistics. The IMF's SDDS web site provides summary methodology statements and base page metadata, which are regularly reviewed and updated on a quarterly basis. Some information on the institutional sector classification of general government is available in the SARB publication "Institutional Sector Classification guide for South Africa," by J.G. Van Der Walt, December 1999 (<http://www.resbank.co.za/economics/klasgids.html>).

In addition, a more comprehensive, although undated, description of the methodology was published in the SARB's *Occasional Paper No. 4* "South Africa's Public-Sector Accounts, 1973 to 1990," by J. van Dyk and L.P. Venter (June, 1991). The paper may be obtained directly from the SARB.

The SANT also publishes limited information regarding methodology on fiscal data compilation in the annual *Budget Review*, with a focus on the relationship of budgetary data with *GFS86* and *1993 SNA*. Stats SA publishes limited "explanatory notes" on methodology accompanying various different *Fiscal releases*.

5.2.2 Different levels of detail are provided depending on intended audience and type of collection.

Different levels of detail are available on the web sites of the compiling agencies. Further details are available upon request.

5.3 Assistance to users

5.3.1 Contact person for each subject field is publicized.

A contact person is identified on each entity's web site, as well as the IMF's Dissemination Standards Bulletin Board.

5.3.2 Catalogues of publications, documents, and other services, including information on any charges, are widely available.

The Internet is the primary dissemination format for fiscal data and metadata. The SANT, the SARB, and Stats SA have extensive reference information and statistics on their web sites. All dissemination formats are identified on the IMF's Dissemination Standards Bulletin Board. Hard copies of all the publications of the SANT, the SARB's Quarterly Bulletin and the publications of Stats SA is also available from the respective organizations.

V. MONETARY STATISTICS

0. Prerequisites of quality

0.1 Legal and institutional environment

0.1.1 The responsibility for processing, and disseminating statistics is clearly specified.

The South African Reserve Bank (SARB) is responsible for compiling and disseminating monetary statistics. These data are compiled under the terms and conditions of the South African Reserve Bank Act (Reserve Bank Act) of 1989 and the 1996 Constitution of the Republic of South Africa. The Reserve Bank Act governs the activities of the SARB, and provides that it shall collect data needed for its operations. Among its central bank functions, as stipulated in the Reserve Bank Act, the SARB has responsibility to collect, process, and interpret economic statistics and other economic information, which is used in the formulation of monetary policy and dissemination to the public. In terms of section 32 of the Reserve Bank Act, the SARB must publish a monthly statement of its assets and liabilities and submit an annual report to Parliament.

The SARB compiles and disseminates a central bank survey (CBS) and a depository corporations survey (DCS). The latter is a consolidation of the balance sheets of the SARB, the Corporation for Public Deposits (CPD), the Land Bank, the Postbank, private banking

institutions, and mutual building societies (mutual banks). In addition to these surveys, the SARB publishes separate data on each of its components.

The Research Department of the SARB is clearly identified in official publications as the compiler and producer of monetary statistics. All inquiries about monetary data are directed to the Research Department's Money and Banking Division, which is the unit officially responsible for the compilation of these data.

0.1.2 Data sharing and coordination among other data producing agencies are adequate.

Within the SARB there are arrangements in place to ensure the smooth flow of information between the Research Department, the Bank Supervision Department, the Financial Services Department, as well as the Business Systems and Technology Department for the purpose of compiling monetary statistics.

0.1.3 Respondents' data are to be kept confidential and used for statistical purposes only.

Monetary statistics are produced mainly from balance sheet data provided in the monthly returns (DI900: Institutional and Maturity Breakdown of Assets and Liabilities) by reporting financial institutions. Only the staff of the Money and Banking Division have access to data of individual institutions before they are consolidated for publication in the *Monthly Release of Selected Data*. Data in the *Monthly Release* are treated as strictly confidential prior their dissemination. As an extra-precautionary measure, monetary data published in the *Monthly Release* are calculated in a Lotus spreadsheet and the mainframe is updated only after the *Monthly Release* has been issued.

For the sake of transparency, within two weeks of publication of the *Monthly Release*, the SARB posts the DI900 returns for each reporting institution on the SARB's web site on the Internet (<http://www.resbank.co.za>).

Article 33 of the Reserve Bank Act prohibits the disclosure of confidential data. At the operational level, the SARB has in place several sophisticated electronic systems and routines to ensure the smooth flow of information from the reporting institutions to the SARB, and thereafter within the SARB, while safeguarding the confidentiality of individual responses and ensuring the accuracy of the information. For instance, if a deposit corporation needs to revise its original submission after publication, it must send an official request to the Research Department to open the "Gateway"—the system used to accept electronic returns from ODCs.

0.1.4 Statistical reporting is ensured either through legal mandate and/or measures implemented to encourage voluntary reporting.

The Banks Act, 1990 (Act No. 94 of 1990) provides the legal basis for ensuring mandatory reporting for monetary statistics purposes. Section 90 of the Banks Act stipulates that banks (or in the case of a group of banks, the controlling company in that group) are required to submit consolidated monthly returns to the SARB's Bank Supervision and Research

Departments. Regulations governing the submission of returns by financial corporations to the SARB are published in the *Government Gazette*. Accordingly, depository corporations must submit a monthly return, "Institutional and Maturity Breakdown of Assets and Liabilities" (Form DI900), on the 15th business day of each month to the SARB's Head Office or any of its branches. If a depository corporation is not able to meet the deadline, it can request an extension (maximum 3 days) by contacting the SARB directly. However, in practice, requests for extensions are rare. The SARB does have the legal mandate to impose penalties for non-compliance.

0.2 Resources

0.2.1 Staff, financial, and computing resources are commensurate with institutional programs.

The Money and Banking Division has a total of eight staff, three of whom are professionals (economists) exclusively devoted to the compilation of monetary statistics. The rest of the team is engaged in the compilation and analysis of money market statistics. The money and banking compilers are required to have a university degree in economics (at least a Bachelor's degree). It is estimated that, on average, it takes at least one year of on-the-job training to gain sufficient knowledge and expertise to do the basic compilation work. On several occasions, staff have left the SARB after only 2–3 years in search of better career opportunities in the private sector. The team's expertise is being broadened on an ongoing basis; the team's head attended a *MFSM* Expert Group Meeting held at the IMF in 2000.

Money and banking statistics compilers are given the opportunity to participate in training courses offered at the SARB's College in areas such as the management of foreign reserves, financial markets and instruments, and banking supervision. Moreover, three staff members have participated in IMF's Monetary and Financial Statistics training courses in the last two years.

The computer resources utilized in the collection and compilation of monetary statistics are adequate. As a result, the compilation of monetary statistics from balance sheet data is completely automated. At present, all reporting financial corporations, except the Land Bank and the Postbank, submit their returns electronically via the SARB's "Gateway" system which performs numerous editing and validation checks on the data before releasing them to the next stage in the production cycle.

Some data manipulation is done on spreadsheets using Lotus software, particularly for the production of the *Monthly Release of Selected Data*. There are plans underway to convert to Excel as the software is now available to the staff. The Business Systems and Technology Department will assist with the conversion of the Lotus files.

0.2.2 Measures to ensure efficient use of resources are implemented.

In general, all programs in the SARB are subject to budget considerations and performance assessments. However, there are no specific systems in place to measure the cost-effectiveness of the program for compiling monetary statistics.

0.3 Quality awareness

0.3.1 Processes are in place to focus on quality, to monitor the quality of the collection, processing, and dissemination of statistics, to acknowledge and deal with tradeoffs within quality, and to guide planning for existing and emerging needs.

The SARB recognizes that official statistics must have the confidence of their users and provides the infrastructure to exercise quality control at every stage of the data production and dissemination. Thus, the Bank Supervision Department verifies that data reporting practices followed by the ODCs are consistent with the regulations issued under the Banks Act of 1990. The Research Department has systems and procedures in place to ensure quality in the compilation process and senior economists and managers participate actively in the review of data prior to publication.

There is no formal technical committee or advisory council inside or outside the SARB that monitors the accuracy, timeliness, and coverage of monetary statistics. However, the staff of the Research Department and the Bank Supervision Department, particularly senior economists, work closely together to: establish priorities concerning the collection and compilation of the data; ensure the smooth flow of data within the SARB; and avoid the duplication of effort. Within the Research Department, the senior staff of the Money and Banking Division, the Capital Market Division, and the Public Finance Division monitor the quality of the data closely. In addition, timeliness of the data is ensured by South Africa's subscription to the SDDS non-adherence would be detected by all concerned, including the SDDS National Coordinator, and dealt with appropriately.

There is wide recognition of the tradeoffs between data quality and timeliness. The production of monetary statistics is fully automated and includes a series of checks and validations at every stage of the production cycle. For example, each month the "Gateway" system performs about 1,500 editing and valuation checks on the returns of each depository corporation. The other electronic systems also have built-in checks as a measure of quality control. As a result of these processes, it has been possible to adhere to a strict publication schedule, while maintaining the quality of the data. Monetary statistics are rarely subject to revisions.

The staff of the Research Department and the Bank Supervision Department, in particular senior economists, work closely toward improving the methodological soundness of the data to take into account new initiatives and developments in the financial system. The report forms used by ODCs are revised regularly (about every two years) to reflect, for example, institutional changes and new financial instruments. The current forms were introduced in

January 2001. There is an ongoing project in the Money and Banking Division to revise the monetary statistics database utilizing the expanded data sets available since January 2001.

The Money and Banking Division receives inquiries from data users regarding the published data as well as requests for additional information. The Research Department encourages users' feedback by posting in the *Quarterly Bulletin* a note with information regarding inquiries.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis.

The statutory provisions under which the SARB compiles monetary statistics are adequate to support its independence in conducting these functions. In this regard, Article 224(2) of the 1996 Constitution of the Republic of South Africa stipulates that the SARB is an independent institution. Accordingly, the SARB can perform its functions independently without fear, favor or prejudice; but there must be regular consultation between the Bank and the Cabinet member (Minister of Finance) responsible for national financial matters. ODCs are required by the Banks Act of 1990 to supply information to the SARB, which determines the coverage, content of reported information, and the methodological framework for reporting these data.

Professionalism of the staff in charge of compilation of monetary statistics is promoted by encouraging participation in lectures, conferences, and training courses at the SARB's College and IMF Money and Banking Courses. Compilers of monetary statistics are sometimes involved in the preparation of research papers.

1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations.

The methodological framework used to compile monetary statistics is designed to cover the accounts of all depository corporations whose assets are claims on the resident and nonresident sectors of the economy, and whose liabilities are classified as components of broad money. This analytical framework highlights the distinction between the sectors of the economy that are money holders and those that are money issuers. To this end, report forms (returns) have been developed to collect disaggregated information from the accounting records of those financial corporations whose liabilities are included in the national definition of broad money.

1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics.

The Research Department comments on its statistics if deemed truly significant. The Research Department seeks to prevent misinterpretation or misuse of monetary statistics by providing explanatory materials and briefings (e.g., to the press). Press releases and speeches are posted on the Internet.

1.2 Transparency

1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public.

The Reserve Bank Act is available for inspection at the SARB's headquarters. In addition, regulations governing ODCs' submission of returns to the SARB's Bank Supervision Department and Research Department, in terms of Section 90 of the Banks Act, are published in the *Government Gazette*.

1.2.2 Internal governmental access to statistics prior to their release is publicly identified.

Following approval of the data by the Research Department, a limited number of senior staff at the SARB have access to the data the day before they are released to the public. No officials outside the SARB have access to the data before their release to the public. A note to this effect is included in the page for South Africa on the Dissemination Standards Bulletin Board.

1.2.3 Products of statistical agencies/units are clearly identified as such.

The Research Department of the SARB is identified as the source of the monetary statistics (and all other data) published in the *Quarterly Bulletin*.

1.2.4 Advance notice is given of major changes in methodology, source data, and statistical techniques.

Major changes in methodology, such as those resulting from revising the report forms used by ODCs are announced to the public in the SARB's *Quarterly Bulletin* prior to their implementation. A full explanation is provided at the time of the implementation.

1.3 Ethical standards

1.3.1 Guidelines for staff behavior are clear and publicized.

The Reserve Bank Act provides broad ethical guidelines for employees of the SARB. In terms of section 33 of the Act, no official of the SARB is allowed to freely disclose any information acquired in his duties or the exercise of his functions relating to the affairs of the SARB or a shareholder or a customer of the SARB. Information contained in confidential or secret written communications may only be disclosed if both the sender and the recipient consent in writing. In addition, the SARB's internal procedures as documented in the

“Labour Relations and Codes of Conduct” instruct the staff to ensure against public discussion of the SARB’s affairs orally or in writing.

New staff members of the SARB are informed of the ethical guidelines to be observed in the performance of their functions.

2. Methodological soundness

2.1 Concepts and definitions

2.1.1 The overall structure in terms of concepts and definitions follows international standards, guidelines, or agreed practices.

The analytical framework used for compiling monetary statistics (referred to as the “Monetary Sector: Assets and Liabilities” in the SARB’s publications) reflects concepts and definitions that are, in general, based on the IMF’s *MFSM*.

This analytical framework is analogous to the DCS that is recommended in the *MFSM* and focuses on a measure of broad money that comprises the liabilities of the depository corporations (the financial assets of other sectors of the economy), and the claims of the depository corporations on other sectors of the economy. Accordingly, a DCS is prepared reflecting the consolidation of the accounts of the central bank with those of the CPD (a full subsidiary of the SARB), and the aggregated balance sheets of ODCs (i.e., the Land Bank, the Postbank, registered banks and mutual banks). The main monetary and credit aggregates identified in this framework are broad money (M3 comprising banknotes and coins in circulation, and private sector deposits in the form of check and transmission deposits, other demand deposits, short and medium-term deposits (other than demand deposits), and long-term deposits); net foreign assets; net claims on government sector; claims on the private sector (including local authorities); and net other assets and liabilities.

2.2 Scope

2.2.1 The scope is broadly consistent with international standards, guidelines, or agreed practices.

The financial corporations sector of South Africa is highly developed. The depository corporations subsector covers the monetary authority (comprising the SARB and the CPD), 58 banks, 2 mutual banks, the Land Bank, and the Postbank. Other financial corporations include Public Investment Commissioners; Insurers, medical schemes and pension funds; and others (i.e., unit trusts, participation mortgage bond schemes, finance companies, public sector financial intermediaries, financial auxiliaries, and financial controlling companies).

The CBS (“South African Reserve Bank: Assets and Liabilities” in the SARB’s publications) is compiled from the central bank balance sheet which includes the operations of its seven branches. Transactions between the SARB and its subsidiaries (the CPD, the Banknote

Company, and the SA Mint) are recorded as separate book-entries, so that the SARB's assets and liabilities reflect claims on, or amounts payable to, them. The Banknote Company and the SA Mint are institutions engaged in money printing and coinage and do not perform banking activities. The CPD pools short-term public deposits and invests mainly in short-term government paper such as nonmarketable Treasury bills repayable on demand. The accounts of the SARB and the CPD are not consolidated into a monetary authorities account, but are presented separately in the monetary data published in the SARB's *Quarterly Bulletin*.

The DCS ("Monetary Sector: Liabilities and Assets" in the SARB's publications) comprises all deposit taking corporations, namely the SARB, CPD, the Land Bank, the Postbank, banks and mutual banks. The DCS is compiled from balance sheet data for the SARB and the CPD, and data reported by all ODCs (including their headquarters and branches). The survey is complete in coverage as it includes all those financial corporations engaged in financial intermediation and whose liabilities are included in the national definition of money.

The SARB also compiles and publishes data for other financial corporations from surveys conducted on a quarterly basis, with the exception of unit trusts, which are surveyed monthly. Although trust companies are surveyed, their data are used for internal purposes only in work related to flow of funds analysis. Financial auxiliaries and medical schemes are not surveyed at this time. Data for other financial corporations are published in the SARB's *Quarterly Bulletin* by type of institution and are not consolidated into a single survey.

The monetary statistics published for South Africa in the IMF's *International Financial Statistics* includes a quarterly financial corporations survey that consolidates the accounts of depository corporations and other financial corporations. The SARB, at present, does not prepare or publish a financial corporations survey, but is considering doing so in the future since data for all the required components are available.

2.3 Classification/sectorization

2.3.1 Classification/sectorization systems used are broadly consistent with international standards, guidelines, or agreed practices.

The principles of sectorization applied in the monetary statistics are, for the most part, consistent with the IMF's *MFSM* and groups institutional units according to their objectives, functions, and economic behavior. Sectors are first distinguished between resident and nonresident (based on the concept of "center of economic interest", as stipulated in the Banks Act of 1990) and then the resident units are classified into various domestic sectors.

Regulation changes introduced in January 2001 provide for the full disaggregation of corporations (both public and private) into financial and nonfinancial corporations, respectively. The SARB started collecting this information beginning January 2001 and will consider publication of monetary data by economic sector, at a later stage, when meaningful time series become available.

The concept of “Net claims on government” used in South African publications is broadly consistent with the *MFSM*’s definition of “Net claims on central government”, except that the South African definition also includes net claims on provincial governments. The latter are included with central government (i.e. national government) due to the high degree of financial integration that exists between these two levels of government. It is estimated that about 96 percent of the total revenue of provincial governments is in the form of transfers from the central government. Also, at present, credit to local governments (which represents less than one percent of total domestic credit) is included under the heading “Credit to the private sector”. To improve transparency, the SARB is planning to revise this heading to “Claims on other domestic sectors”, with a footnote to explain that it includes local governments. In addition, the SARB will continue to publish local government deposits and claims on local governments separately in its *Quarterly Bulletin*.

The principles underlying the classification of financial instruments are based on international standards and are generally consistent with the Fund’s statistical methodology as described in the *MFSM*. The classification framework is based on the liquidity of the financial instruments and the legal characteristics that describe the form of the underlying creditor/debtor relationship. During 2000, unclassified assets constituted 15 percent on average of the total assets in the depository corporations survey, while unclassified liabilities made up 17 percent of total liabilities during the same period.

According to the *MFSM*, deposit liabilities of non-operating depository corporations should be excluded from monetary aggregates and classified as restricted deposits. At present, one depository corporation (New Republic Bank, LTD.) is under curatorship (a process by which a the bank requests the Register of Banks to appoint a curator to assist in resolving its financial difficulties). Under this condition, the deposit liabilities of the New Republic Bank, Ltd. are still considered part of the monetary aggregates. However, if a bank goes into liquidation, the monetary statistics have to be adjusted according to the *MFSM* guidelines.

Transactions in financial derivatives are treated separately from transactions in the underlying financial asset. Financial derivatives can be identified in the returns (Form DI900) used to compile the other depository corporations survey (ODCS). In monetary statistics, assets are classified under “investments” and liabilities under “other liabilities.”

Assets sold under repurchase agreements are treated as collateralized loans rather than as outright sales of securities and remain in the balance sheet. In the case of a foreign-currency-for-domestic-currency swap, the institution temporarily obtaining the foreign currency reports it as foreign currency on its balance sheet.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks.

The general recommendation of the *MFSM* is that the valuation of financial assets and liabilities should be done on the basis of market prices or market-price equivalents. The

valuation of loans is an exception to this principle and loan values should be based on creditors' outstanding claims without adjustment for expected loan losses. This amount comprises the outstanding principal plus any accrued interest and is referred to as the book value of a loan.

Consistent with the recommendations of the Generally Accepted Accounting Principles (GAAP) in South Africa and the *MFSM*, financial assets and liabilities are valued at market prices. Loan valuation is not adjusted for expected loan losses, and provisions for expected losses are recorded as separate negative entries on the asset side of the balance sheet in both the categories "investments" and "other loans and advances."

The *1993 SNA* and the *MFSM* recommend that financial instruments denominated in foreign currency should be converted into national currency values at the market exchange rate prevailing at the balance sheet date (the transaction date). Foreign currency denominated assets and liabilities are correctly valued in South Africa's monetary statistics at market prices and converted to South African Rand using the mid-point between the buying and selling exchange rates at the close of the month.

Gold coin and bullion holdings of the central bank (i.e., monetary gold) are valued at 90 percent of the average of the last ten prices for gold established at the gold-price fixing on the London Gold Market, and by using the closing middle Rand/U.S. dollar exchange rate of the day. Financial derivative positions, which form part of foreign assets and foreign liabilities, are valued at market prices in accordance with *BPM5*.

2.4.2 Recording is done on an accrual basis.

South Africa follows the accrual accounting guidelines recommended by *MFSM* which require that interest accruing on deposits, loans, and securities other than shares be incorporated into the outstanding amount of the financial asset or liability, rather than being treated as part of other accounts receivable/payable.

The SARB balance sheet and the ODCs balance sheets (as reported in Returns DI900) allow for the allocation of accrued interest to specific instruments and for the classification of accrued interest by sector. Interest arrears are also allocated to the relevant financial instrument.

In general, transactions are recorded at the time the transaction occurs (real time settlement) by means of simultaneous electronic recording.

2.4.3 Grossing/netting procedures are broadly consistent with international standards, guidelines, or agreed practices.

The general principle of the *MFSM* and the *1993 SNA* that data be collected and compiled on a gross basis is applied to the compilation of monetary statistics. Assets and liabilities of ODCs are reported on a gross basis on the DI900 returns, except for transactions involving

the same maturity and the same client in which case they are netted out. Data on financial assets and liabilities of all ODCs are aggregated into a sectoral balance sheet. The DCS is a consolidated statement of the CBS with the ODCS. In the consolidation process, stocks and flows that occur between institutional units within a subsector are eliminated. The DI900 returns identify interbank funding (deposits) so that the claims of one depository corporation on another are netted out when the DCS is prepared. The DCS is obtained by canceling out all outstanding claims and liabilities between the central bank and the ODCs, while preserving the presentation of data on all other outstanding claims and liabilities.

3. Accuracy and reliability

3.1 Source data

3.1.1 Source data are collected from comprehensive data collection programs that take into account country-specific conditions.

The source data for compiling the CBS are the accounting records (balance sheet) of the SARB prepared by the Finance Department of the SARB. These reports are generated by an electronic general ledger system based on complete reporting. Source transactions are captured and the reports are generated from a predetermined classification of each account. The balance sheet is presented in various levels of detail for various purposes and user groups. Apart from the accounting records of the SARB, the basic data sources for the ODCs are the individual monthly returns on Form DI900. Items in the DI900 form are linked to the accounting procedures of the reporting depository corporation. The reported data are disaggregated in terms of instruments and sectors to provide sufficient information to derive monetary statistics. The operations of the Land Bank and the Postbank are relatively small, and they are not required to report using Form DI900. The Land Bank reports a monthly statement and a quarterly balance sheet. Data for the Postbank are received by the Money and Banking Division via the Capital Markets Division within the Research Department. Data for these institutions do not go through the Gateway system and are entered directly on the database.

Compilers of sectoral balance sheets rely mainly on the accounting records of the ODCs. These sources are not supplemented with other information. However, returns submitted by the ODCs (in addition to Return DI900) to the SARB for monetary analysis are often used to check the consistency of monetary statistics. These forms are: DI310 Minimum reserve balance and liquid assets (monthly, within 15 business days); DI910 Institutional breakdown of issuers of and transactions in selected assets (monthly, within 20 business days); and DI920 Analysis of instalment sale and leasing transactions (quarterly, within 20 business days of the end of the quarter).

3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and timing of recording required.

The DCS is based on complete reporting by the depository corporations. There is an ongoing effort in the SARB to use data sources that reasonably approximate the definitions, scope, classifications, time of recording, and valuation required to compile sound monetary statistics. To this end, the structure of the DI900 form is revised periodically (every 2-3 years) in line with changes in the Banks Act and the Regulations framed under the Banks Act. The current DI900 form introduced in January 2001 enables the collection of separate data for several items previously reported as totals and will therefore facilitate closer adherence to international standards (*1993 SNA, MFSM*) in the compilation of monetary statistics. For example, in the new DI900 form “Public enterprises/corporations” were broken down into “Financial public corporations” and “Nonfinancial public enterprises/corporations;” “Deposits of insurers and pension funds” into “Insurers” and “Pension funds;” “Other companies and close corporations” into “Other private sector financial institutions” and “Nonfinancial companies and close corporations.” The SARB may consider publication of monetary data by economic sector, at a later stage, when meaningful time series become available.

Notwithstanding the ongoing efforts, there is some scope for further improvement in the compilation of monetary statistics. The Research Department, in cooperation with the Bank Supervision Department, will explore the possibility of collecting detailed data from ODCs on interbank positions, which are currently reported as a total. It is expected that these enhancements to the database will contribute significantly to reduce the amounts of “unclassified assets” and “unclassified liabilities” (which in 2000 amounted to 12 and 17 percent of total assets and liabilities, respectively).

3.1.3 Source data are timely.

The data collection system allows sufficient time for the compilation of monetary statistics which are released in the SARB’s *Monthly Release of Selected Data* on the 21st working day of each month.

The accounting records of the SARB are available on a daily basis, but are provided to the Research Department within one to two days after the end of the month for purposes of monetary data compilation. The Bank Supervision Department coordinates the completion of the ODCs returns (DI900) in accordance with the Banks Act. The ODCs are required to submit their DI900 returns electronically via the “Gateway” system by the 15th business day of the reference month, (except for the Land Bank and the Postbank which inform on hardcopy). If a depository corporation is not in a position to submit its DI900 returns by the 15th business day, it must request the Research Department for an extension. Directions are issued to ODCs on a regular basis to assist them in the accurate, uniform, and timely completion of the returns. The data are loaded directly into the Research Department’s database after numerous checks and validation tests are performed.

3.2 Statistical techniques

3.2.1 Data compilation employs sound statistical techniques.

The statistical techniques used to compile monetary statistics are fully automated and minimize processing time and errors (e.g., coding, editing, and tabulating errors). The data received from ODCs are verified using database statistical software programs whereby the data are subject to editing rules and electronic error reports to check for consistency and excessive deviations in item lines and columns. The individual banks' DI900 returns are posted on the SARB's web site after the *Monthly Release of Selected Data* has been issued.

In cases where no return is received from a depository corporation, the previous month's return is carried forward to calculate preliminary monetary aggregates and credit extended by the monetary sector until a new return has been officially received and processed. In the event of an erroneous submission, the relevant depository corporation has to resubmit a return to the Research Department for inclusion in the final calculations. Data management procedures are fully documented in user-manuals available for internal use, which explain the steps necessary to compile South Africa's monetary statistics.

3.2.2 Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques.

The Research Department calculates seasonally adjusted monetary data, some of which are published in the SARB's *Monthly Release of Selected Data* and *Quarterly Bulletin*. The calculations are performed automatically using the X12 ARIMA software package. The Computer Support Service Section of the Research Department has full access to the Research Department database and offers technical support calculating the seasonally adjusted data and executing other database-related applications.

3.3 Assessment and validation

3.3.1 Source data—including censuses, sample surveys and administrative records—are routinely assessed, e.g., for coverage, sample error, response error, and non-sampling error; the results of the assessments are monitored and made available to guide planning.

The quality of the surveys is monitored throughout the compilation process which is almost fully automated. The source data from the ODCs are subject to a large number of internal consistency checks and validation routines upon submission through the "Gateway" system. Any return that fails the checking/editing process is rejected and sent back to the respondent. Once the data have been cleared through the "Gateway" they are entered automatically into the mainframe data base where they are stored in time series form and validated. The Money and Banking Division reviews the data and discusses any questionable data directly with the depository corporation concerned. Cross-checking of data with the returns received by the Bank Supervision Department is also a standard practice.

The selected monetary data published in the *Monthly Release* are calculated on a Lotus spreadsheet with data downloaded from the mainframe. The results obtained from both

systems (Lotus and mainframe) are compared for accuracy. A series of consistency checks is performed on those indicators before they go to management for review.

3.3.2 Main intermediate results are validated against other information where applicable.

If deemed necessary, the accuracy of the balance sheets submitted by the ODCs are checked against information provided by them to other divisions of the Research Department. The instructions provided in the *Government Gazette* and *Regulations* for completing the returns contain tables showing the correspondence between various forms, which facilitates cross-checking of some data, particularly balance of payments and monetary statistics.

In general, however, most queries concerning money and banking statistics are resolved by the Money and Banking Division directly with the ODCs by telephone.

3.3.3 Statistical discrepancies and other potential indicators of problems in statistical outputs are investigated and made available to guide users.

Large fluctuations in monetary or credit aggregates are very rare, and likely to occur only after a significant change in methodology has been introduced in the SARB's publications. In those circumstances, upon posting the *Monthly Release* on the Internet, the Money and Banking Division is likely to receive a significant number of inquiries from data users in the financial sector and handles them directly.

In the past, the Research Department has considered setting up a help-desk to assist data users; however, the concept has never been developed. The Research Department could consider some alternative means to provide user assistance such as: pre-recorded telephone message, advance notice of the expected fluctuations in the data on the Internet, along with an explanatory note at the time of release.

3.4 Revision studies

3.4.1 Studies and analyses of revisions are carried out routinely and used to inform statistical processes.

Revision studies are undertaken mainly as part of a broad exercise involving the revision of forms (returns) which are the basic data source for the ODCs. The structure of the DI900 form is revised periodically (usually every two-three years) to incorporate new data requirements resulting from changes in statistical methodologies (1993 *SNA* and *MFSM*) and developments in financial instruments and markets not captured in the statistics, but which are deemed to influence the quality of the data.

Revision studies result in improved compilation of monetary statistics. It is anticipated that the DI900 forms introduced in January 2001 will improve the quality of monetary statistics bringing them closer to international standards (*MFSM*). The Research Department plans to conduct a major review of its money and banking database to introduce new time series

being compiled since January 2001. The study of the composition of “other assets” and “other liabilities” will form part of this exercise with a view to improve the sectorization/ classification of accounts and reduce the amounts currently classified under these items.

3.4.2 Revision studies and analyses are made public and used to guide data users.

Monetary data are final and rarely subject to revisions. Analysis of current data are published in the SARB’s publications. The structure and composition of the ODCs’ report forms are revised periodically by the SARB. The revision process involves a long period of study and planning. In this connection, the SARB conducts seminars and gives ODCs the opportunity to discuss changes and provide input. In preparation for the introduction of the latest forms in January 2001, the Bank Supervision Department posted on the SARB’s web site all relevant documentation well in advance. A press release was issued at the time the new forms were introduced.

4. Serviceability

4.1 Relevance

4.1.1 Processes to monitor the relevance and practical utility of existing statistics in meeting users’ needs are in place.

The SARB conducts regular reviews to assess whether monetary statistics meet the needs of policymakers and other data users. Senior staff participate in users’ fora, including international statistical meetings and seminars organized by international and regional organizations. Staff at the level of senior economist and higher travel throughout the country lecturing on various topics including monetary statistics and policy.

Money and banking statistics compilers are aware of developments in the financial markets, including the introduction of new instruments and institutions, and work toward incorporating these changes in the monetary statistics. To this end, the forms used by ODCs to report to the central bank are revised regularly.

4.2 Timeliness and periodicity

4.2.1 Periodicity follows dissemination standards.

Monetary statistics comply fully with the periodicity requirements of the SDDS, which prescribes dissemination of monthly data on the analytical accounts of the central bank (termed in the *MFSM* as CBS) and the analytical accounts of the banking sector (termed in the *MFSM* as DCS). These data are released to the public in the SARB’s publications and on the Internet.

4.2.2 Timeliness follows dissemination standards.

The SDDS prescribes dissemination of data on the analytical accounts of the central bank (CBS) within two weeks of the end of the reference month, and on the analytical accounts of the banking sector (DCS) within one month of the end of the reference month. South Africa complies with these requirements; the "South African Reserve Bank Statement of Assets and Liabilities" is disseminated no later than 6 working days after the end of the reference month in hardcopy and on the SARB's Internet web site. The *Monthly Release of Selected Data* published by the SARB on the 21st business day after the end of the reference month and also available on the Internet, includes both the ODCs and the DCS.

4.3 Consistency

4.3.1 Statistics are consistent or reconcilable over a reasonable period of time.

The monetary statistics database of South Africa is maintained by the Research Department. The database starts in 1965 (monthly) and the coverage of the time series has evolved over time to reflect changes in the financial system. Money and banking statistics compilers have made efforts to maintain consistency of the entire database. Whenever a change is introduced the revisions are carried backwards to 1965. Moreover, monthly, quarterly, and annual data are consistent.

There are plans to review the monetary statistics database in the near future in order to include, where applicable, additional detail available in the new returns (DI900). Although the output series (including published data) will remain unchanged, this exercise will simplify the structure of the database, including coding of time series and equations.

4.3.2 Statistics are internally consistent.

The data on the CBS and ODCs are internally consistent, although "Remittances in transit" included in "Net other" may lead to small discrepancies between records for claims on, and liabilities to, among depository corporations. The Research Department applies several internal consistency checks including reconciliation of available stock and flow data .

Statistics for the depository corporations and other financial corporations are not consolidated into a broader financial corporations survey; however, the data on the central bank, the CPD, and the ODCs are used directly in compiling the flow-of-funds accounts. Local governments are properly sectorized, as a subsector of general government, in the flow accounts, but are treated as part of the private sector in the headline monetary statistics. It is possible to reconcile both sets of data (flow of funds and monetary) since local governments are separately identified in the monetary accounts.

4.3.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks.

Monetary statistics are generally consistent with other statistical systems. The Research Department routinely cross-checks data on the net foreign assets position of the SARB, and

the ODCs with the corresponding measures derived from the international investment position. Transactions in net foreign assets in monetary statistics are not fully consistent with the corresponding measure derivable from balance of payments statistics, but it is possible to reconcile the differences.

The Research Department checks whether net credit to government from the depository corporations subsector is consistent with, or reconcilable with, borrowing from the banking system recorded in the government finance statistics. At present these checks are performed internally between the relevant sections of the Research Department. However, in future when the Central Depository (where the changes in ownership of government stock are recorded) becomes fully operational, it will be possible to cross-check data for all depository corporations with government reports available to the Public Finance Division of the Research Department.

4.4 Revision policy and practice

4.4.1 Revisions follow a regular, well established, and transparent schedule.

Data for the CBS are considered final when first released in the “South African Reserve Bank Statement of Assets and Liabilities.” Data for the ODCs may, in principle, be preliminary when first released in the *Monthly Release of Selected Data* since ODCs may submit revisions in their next return. In practice, revisions are rare and insignificant. The metadata for South Africa posted on the Dissemination Standards Bulletin Board states that data for the banking sector are preliminary when first released and final data are disseminated one month after the release of the preliminary data.

Both the “Statement of Assets and Liabilities” and the *Monthly Release* are disseminated according to a predetermined schedule which is stable and announced three months in advance of the expected release dates.

4.4.2 Preliminary data are clearly identified.

Data for the CBS are final when first released to the public. Since it is highly unlikely that data for ODCs may be revised, SARB’s publications do not include notes on the status of the data (preliminary or final). Data users treat them as final. However, the *Monthly Release* contains data for a five-month period and any revisions to that range of dates would be published in the following *Monthly Release* and in the *Quarterly Bulletin*. Regardless of the revision policy for published data, the Research Department database is always duly revised and updated.

4.4.3 Studies and analyses of revisions are carried out routinely and made public.

Final data used in the calculation of monetary and credit aggregates are usually not subject to revision and these aggregates are consequently not revised on an ongoing basis.

5. Accessibility

5.1 Data accessibility

5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts).

The presentation of monetary statistics by the SARB facilitates the interpretation of the data. In this regard, published monetary statistics are supplemented with tables, charts, and text that facilitate the use of data for economic analysis. The *Quarterly Bulletin* contains multiple tables relating to the accounts of the SARB, the ODCs, the depository corporations subsector, selected groups of other financial corporations, and the flow of funds accounts. The *Monthly Release of Selected Data* includes tables and graphs relating to monetary and credit aggregates.

5.1.2 Dissemination media and formats are adequate.

Monetary data are disseminated in hardcopy and in electronic formats to meet the needs of data users. The SARB's web site provides a wide range of information on monetary and credit aggregates. For example, the *Monthly Release*, which is an abstract of monetary and other statistics published in the *Quarterly Bulletin*, includes tables and graphs relating to monetary and credit aggregates. Only the current issue of the *Monthly Release* is posted on the Internet at a given time. Several issues of the *Quarterly Bulletin* (going back to March 1996) and the *Annual Report* are also posted on the Internet. The SARB's web site has the National Summary Data Page for South Africa required by the SDDS, which includes monetary data with the coverage, periodicity and timeliness required by the System and with built-in hyperlinks to the Dissemination Standards Bulletin Board.

5.1.3 Statistics are released on a pre-announced schedule.

Monetary statistics are released according to an advance release calendar that is posted on the SARB's Internet web site <http://www.resbank.co.za/Economics/calendar/html>. A notice to this effect is published in the *Monthly Release*. The advance release calendar for the CBS gives one-quarter-ahead notice of the precise release dates. The advance release calendar for the DCS gives one-quarter-ahead notice of the "no later than" release dates, and the precise release date no later than the end of the week prior to the release of the data. The day before the release date, a message is posted on the homepage of the SARB's web site indicating that the data will be released at 8:00 a.m. the following day.

5.1.4 Statistics are made available to all users at the same time.

The SARB has procedures in place to ensure that the actual dissemination date meets the pre-announced schedule and that data are released simultaneously to all users. Data for the CBS are released on the "Statement of Assets and Liabilities", which is posted on the SARB's Internet web site. Data for the DCS are released simultaneously to all users in the *Monthly*

Release, which is also posted on the SARB's web site at 8:00 a.m. on the release date. Copies of the *Monthly Release* are also available, free of charge, at the SARB's headquarters one to two days after the initial release.

5.1.5 Nonpublished (but non-confidential) sub-aggregates are made available upon request.

Nonpublished (but nonconfidential) data are made available upon request from the Research Department. This department often receives user requests for historical data and special calculations based on the electronic database maintained by the SARB.

5.2 Metadata accessibility

5.2.1 Documentation on concepts, scope, classification, basis for recording, data sources, and statistical techniques is available, and differences from international standards are annotated.

Brief methodological footnotes are published in the *Quarterly Bulletin*. A supplement to the SARB *Quarterly Bulletin* published in September 1993 included data for the period 1973 to 1992 and an explanation of the definitions of monetary aggregates and brief methodological notes. A comprehensive description of the scope and methodology currently followed in the compilation of monetary statistics is not available to the public in national publications. The SARB has prepared summary methodologies for the compilation of the analytical accounts of the central bank (CBS) and the analytical accounts of the banking sector (DCS) for posting on the IMF's Dissemination Standards Bulletin Board. Information on statistical methodologies are available from the Research Department upon request.

The SARB may consider the possibility of preparing and disseminating, in one of its national publications or on its web site, a description of the methodology used in the compilation of monetary statistics, or including a note in the *Monthly Release* and/or in the National Summary Data Page regarding the availability of methodologies for South Africa on the Dissemination Standards Bulletin Board.

5.2.2 Different levels of detail are provided depending on intended audience and type of collection.

The detailed database maintained by the Money and Banking Division is not available to users outside the division. Requests for data from users inside and outside the central bank must be addressed to the Research Department. However, the Research Department posts on the SARB's web site the individual returns (form DI900) from ODCs after publication of the *Monthly Release*.

5.3 Assistance to users

5.3.1 Contact person for each subject field is publicized.

Assistance to internal users is provided by compilers of monetary statistics mainly through informal processes and personal contacts. External users, with access to the Internet, can find the names and numbers of contact persons for monetary statistics at the SARB on the page for South Africa on the Dissemination Standards Bulletin Board. The SARB may consider the possibility of introducing a feature in its web site to enable users to address queries on monetary data directly to the Research Department.

5.3.2 Catalogues of publications, documents, and other services, including information on any changes, are widely available.

Catalogues of publications, other services and fees are available from the Information Division of the Research Department, which handles dissemination of all publication, posts documents on the Internet, including the *Quarterly Bulletin*, and acts as a help desk to some extent.

VI. BALANCE OF PAYMENTS STATISTICS

Prerequisites of quality

0.1 Legal and institutional environment—The environment is supportive of statistics.

0.1.1 The responsibility for collecting, processing, and disseminating statistics is clearly specified.

Government Notice No.703 of April 20,1956 designated the SARB as the compiling and disseminating agency for the balance of payments statistics with power and functions that are stipulated in Government Notice No.702 of April 20, 1956. Article 2(1) of the Government Notice No.702 states that the SARB may collect information required for the purposes of compiling official statements of the balance of payments and international investment position.

Working arrangements among government agencies that provide statistical data for the balance of payments compilation are consistent with their assignments of responsibility. The merchandise trade data are compiled and published under the terms of the Customs and Excise Act, No. 59 of 1990 that stipulates the compiling and tabulating statistics on the import and export trade by the Commissioner for Customs and Excise (who is, in effect, the Commissioner for the South Africa Revenue Service (SARS)). According to Section 8(b) “Establishment of Council” of the of the Republic of South Africa Statistics Act No. 6 of 1999 (Statistics Act, 1999), the South African Statistical Council broadly represents the group of interests concerned with the production and use of official statistics.

0.1.2 Data sharing and coordination among data producing agencies are adequate.

Chapter 3 of the Constitution of the Republic of South Africa, 1996 (Constitution) stipulates promotion and facilitation of intergovernmental relations.

Section 4(3) “Status of Statistics South Africa” of the Statistics Act, 1999 states that for the purpose of ensuring the effectiveness of Stats SA, all other organs of state must assist it in accordance with the principles of cooperative government and intergovernmental relations contemplated in Chapter 3 of the Constitution. In addition, Article 224(2) of the Constitution states that there must be regular consultation between the SARB and the Cabinet member responsible for national financial matters. Stats SA, the National Department of Environmental Affairs and Tourism (DEAT), and the National Department of Home Affairs (DHA) have a formal agreement regarding collection, processing, analysis, and publication of a range of tourism statistics.

The SARB undertakes regular consultations with the balance of payments data producing agencies including the SARS, the DHA, the SANT, the Department of Foreign Affairs, the Chamber of Mines, the Rand Water Board, the Employment Bureau of Africa, the Rand Refinery, the Mining Houses, the Diamond Board, Electricity Supply Commission, and the South Africa Post Office to ensure proper understanding of data requirements.

0.1.3 Respondents’ data are to be kept confidential and used for statistical purposes only.

Section 33 “Preservation of secrecy” of South African Reserve Bank Act, No.90 of 1989 (Bank Act) ensures that no director, officer or employee of the SARB shall disclose to any person any information acquired by him or her in the course of his or her participation in the activities of the Bank, except with the written consent of the Minister and the Governor, after consultation with the client concerned. Section 34 “Offences and penalties” of the Bank Act states that any person who contravenes the provision of Section 33 is a subject to the provisions of Section 2 of the Prevention of Counterfeiting of Currency Act, No. 16 of 1965.

Section 3 (2) “Purpose of official statistics, and statistical principles” of the Statistics Act 1999 states that official statistics must protect the confidentiality of the identity of, and the information provided by, respondents. In addition, Section 17(1) of the Statistics Act, 1999 stipulates that, “despite any other law, no return or other information collected by Statistics South Africa for the purposes of official or other statistics that relates to (a) an individual; (b) a household; (c) an organ of state; (d) a business; or (e) any other organization, may not be disclosed to any person, except with the prior written consent of the person from whom such return or other information was collected or his or her representative;” or where the information was already in the public domain.

Under the terms of the Customs and Excise Act, No. 91 of 1964 the SARS cannot publish, or otherwise make available to any individual or organization, statistics that would enable the identification of data for any individual person or entity.

In surveys and other statistical inquiries respondents are informed about their obligation to submit the information requested in terms of the regulations published under Government Notices No.702 and No. 703 of April 1956. Respondents are assured that no actions of any kind will be taken against any organization or person under the Exchange Control Regulations on the grounds of the information furnished in the surveys.

The survey forms contain the statement that the data respondents provide will be used for statistical purposes in order to compile official statements of South Africa's balance of payments and international investment position, of which returns also have to be submitted to the IMF in terms of Section 5 of Article VIII of the Articles of Agreement of the IMF.

Article 4 of the Government Notice No.702 states that any person employed in carrying out the provisions of these regulations who, without lawful excuse, reveals any matter or thing pertaining to individual persons which has come to his knowledge in the course of his official duties to any person whatsoever, or suffers or permits any person to have access to any records which pertain to individual persons and which are connected with carrying out of those provisions, shall be guilty of an offence and liable on conviction to a fine or to imprisonment for a period not exceeding six months or to both such fine and imprisonment.

Special aggregation rules have been developed by the SARS to ensure residual disclosure does not occur when aggregations of confidential data are disseminated.

In addition to general security procedures within the SARB, there is restricted access of the SARB departments to the survey forms and to the Research Department working database at the level of respondents. Some data series are secure in password protected computer systems. Access to individual data is limited to administration staff from the Data Capture Section and to economists who require the information in the performance of their duties.

0.1.4 Statistical reporting is ensured through legal mandate and/or measures implemented to encourage voluntary response.

The legal and administrative basis to require reporting of data for balance of payments statistics is strong. Article 2(2) of the Government Notice No.702 states that the SARB may, by notice in the *Government Gazette* or otherwise, require any person to furnish any information at such person's disposal which the SARB may deem to be essential for the balance of payments compilation; and any person to whom the request of this nature has been addressed and who, without reasonable cause, fails to comply therewith shall be guilty of an offence and liable on conviction to a fine or a term of imprisonment not exceeding three months. Under Article 2(3) of the Government Notice No.702 every person required by SARB so to do shall supply the particulars specified in the reporting forms according to the information at his disposal and his best knowledge. Section 13 of the Customs and Excise Act, No. 105 of 1992 states that any person fails to declare in or omits from any prescribed invoice any particulars (including value and origin) in respect of goods to which such invoice relates shall be guilty of an offence and liable on conviction to a fine not exceeding R40,000 or treble the value of the goods in respect of which such offence was committed.

Section 16 (2) of the Statistics Act, 1999 stipulates mandatory compliance with Stats SA requests for information, in verbal or written form, and Section 18 specifies penalties for non-compliance. Section 15 provides for authorized entry or inspection of premises by Stats SA officers, upon the issue of a warrant by a magistrate or a judge of a High Court.

No conflicts or potential conflicts between the legal authority to collect data required for balance of payments statistics and other laws or provisions have been identified. Measures are undertaken to guarantee smooth flow of statistical information during the exchange control liberalization process.

The SARB encourages the cooperation of data reporters by implementing the tradition of "courtesy visits" to the most important respondents to explain to them the importance of the data being sought for policy formulation and to provide them with support in completing and submitting forms. The Research Department recognizes the reporting burden placed on respondents and endeavor to rationalize the information flow when possible, without losing additional sources as quality checks.

0.2 Resources

0.2.1 Staff, financial, and computing resources are commensurate with institutional programs.

The SARB Balance of Payments Division (BOP Division) is comprised of a staff of 14 economists that are responsible for conducting surveys; maintaining the trade database; compiling the balance of payments and international investment position; analyzing and interpreting balance of payments data in official publications; compiling and publishing monthly template on international reserves and foreign currency liquidity; updating the SDDS report; compiling, analyzing and interpreting the daily report on turnover in the foreign exchange market; compiling statistics on external debt; and calculating the nominal and real effective exchange rates of the rand. The balance of payments compilation process is supported by a senior economist, one specialist from Data Capture Section, and one specialist from Data Collecting and Management Support Section.

The BOP Division is equipped with personal computers, which are LAN connected. In general, computer resources are adequate to perform existing tasks. However, developing the electronic transmission of the statistical information from respondents, promoted by the SARB, may generate additional demand.

The level of professional expertise of the staff is high. During the discussions key staff of the BOP Division showed a very good grasp of balance of payments methodology and compilation procedures. However, management is confronted with problems in retaining its most qualified staff, as better economic incentives exist outside of the SARB, especially in the private banking sector. On average, staff turnover is two-three persons per year.

The SARB management ensure on-the-job training in balance of payments compilation methods, courses in economics offered by the SARB College, and training in balance of payments methodology offered by the IMF Institute in Washington D.C. Staff are encouraged to participate in international meetings and seminars on the balance of payments statistics developments

Balance of payments compilers do not have difficulty in obtaining financial resources essential for performing their tasks, including new developments. Thus, overall staff, financial, and computing resources for compiling balance of payments statistics are adequate to perform existing tasks.

0.2.2 Measures to ensure efficient use of resources are implemented.

To avoid duplication of efforts and ensure cost effectiveness of the compilation process, Section 14 “Statistical coordination among organs of state” of the Statistics Act, 1999 states that no organ of state may undertake a new statistical collection or substantially vary or discontinue any statistical collection. This statement is inconsistent with Article 3 of the Government Notice 702 that stipulates the right of the SARS to prescribe, by notice in the *Government Gazette* or otherwise, forms expedient to balance of payments compilation. While the mission did not identify any cases of duplication of efforts, potentially inefficiencies may occur due to uncertainties in the legislative background.

At the institutional level, once a year the BOP Division provides inputs for the SARB budget planning that result in adjusting the allocation of budgetary resources within the SARB. The application is based on the division-planning document that contains annual action plan with project responsibilities assigned to the BOP Division .

0.3 Quality awareness

0.3.1 Processes are in place to focus on quality, to monitor the quality of the collection, processing, and dissemination of statistics, to acknowledge and deal with tradeoffs within quality, and to guide planning for existing and emerging needs.

According to Section 14 of the Statistics Act, 1999 the Statistician General may advise any organ of state regarding the application of appropriate quality criteria and standards. At the institutional level, SARB management conduct regular planning meetings, Research Department conducts Strategic Planning Session twice a year, where decisions are undertaken about the reallocation of resources and future developments. The BOP Division prepares strategic planning documents to be discussed with the management of the SARB during planning meetings.

The South African Statistical Council ensures awareness of the economies of scale and interrelations of datasets, including enhancing the comparability of statistics. The SARB is represented on the Statistical Council.

Where balance sheet information on foreign exchange is not available, respondents are encouraged to provide best estimates to meet the timeliness criteria. At a later stage these estimates are amended with regard to more accurate data.

1. Integrity

1.1 Professionalism

1.1.1 Statistics are compiled on an impartial basis.

Article 224(2) of the 1996 Constitution stipulates that the SARB is an independent institution, that in pursuit of its primary object must perform its functions independently and without fear, favor or prejudice, but there must be regular consultation between the Bank and the Cabinet member responsible for national financial matters. No ministerial commentary is attached to the release of the data.

Section 3 (2)*Purpose of official statistics, and statistical principles* of the Statistics Act, 1990 states that official statistics must be objective and comprehensive, and disseminated impartially.

Provisions for the choice, tenure, and reporting arrangements of the Governor of the SARB are determined by Article 4 of the Bank Act, 1989 and are supportive of the professional independence of the SARB, namely that the Governor shall be appointed by the President of the Republic after consultation with the Minister of Finance and Board of Directors and perform functions as may be determined by the Board, and upon such other conditions as may be prescribed by regulation.

Section 6(1) "Appointment and tenure of a Statistician General" of the Statistics Act 1990 stipulates that the Statistician General, as a head of Stats SA, should be appointed by the President, and must be professionally independent, by acting impartially and exercising his or her powers and performing duties in the interest of maintaining a high standard of professional service.

Balance of payments compilers are encouraged to participate in international statistical conferences (e.g., on the Coordinated Portfolio Investment Survey, on the Manual on Statistics of International Trade in Services), and are actively involved in the work of the IMF Balance of Payments Committee, including commenting on a framework for assessing the quality of balance of payments statistics. Balance of payments compilers periodically publish methodological papers (e.g., a note on the revision of the balance of payments accounting framework by S.S. Walters, in the *Quarterly Bulletin*, Article N 212). Senior staff of the BOP Division give lectures in the SARB College on compilation and interpretation of balance of payments statistics.

1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations.

The choices of sources and statistical techniques for balance of payments compilation are determined entirely by the SARB staff.

1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics.

The BOP Division is not engaged into a public debate on the misuse or misinterpretation of statistics, however bilateral discussions are conducted, if necessary.

1.2 Transparency

1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public.

All laws and regulations governing the collection, compilation, and dissemination of data are published.

1.2.2 Internal governmental access to statistics prior to their release is publicly identified.

There is no internal governmental access to statistics prior to their release to the public. The SARB releases the *Quarterly Bulletin* to the press, on an embargo basis, six hours before general release, on condition that no data may be released prior to the lifting of the embargo. There is no pre-embargo release.

1.2.3 Products of statistical agencies/units are clearly identified as such.

The SARB's statistical publications are clearly identified as such with the note alerting users that no part of publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the publisher.

1.2.4 Advance notice is given of major changes in methodology, source data, and statistical techniques.

The SARB publishes information on major changes in methodology in the official publications (articles, notes and footnotes to the tables) and in research papers.

1.3 Ethical standards

1.3.1 Guidelines for staff behavior are clear and publicized.

Stats SA and SARB management promote rules of professional behavior, through internal guidelines and staff training. The SARB's internal procedures as documented in the "Labor Relations and Codes of Conduct" instruct the staff to ensure against public discussion of Bank's affairs orally or in writing. Staff are aware of these guidelines.

2. Methodological soundness

2.1 Concepts and definitions

2.1.1 The overall structure in terms of concepts and definitions follows international standards, guidelines, or agreed practices.

The overall structure of the balance of payments statistics is in broad conformity with the guidelines presented in the *BPM5*.

Monetary authorities consist of the SARB and the Corporation for Public Deposits. The short-term foreign assets of the central government are regarded as a part of the country's gross-international reserves. The short-term foreign assets of the ODCs, with no distinction between demand deposits and time deposits, are regarded as part of South Africa's gross-international reserves, in view of the existing exchange control regulation. The currency composition of foreign assets of the private banking sector regarded as reserve assets includes currencies of the Southern Africa Customs Union (SACU) countries, notably Botswana, Lesotho, Namibia, and Swaziland.

No distinction is made between monetary and non-monetary gold. Repurchase agreement transactions are not recorded as collateralized loans. Securities that are borrowed or acquired under repo agreements are recorded as sold or purchased, accordingly.

The main deviations from the concepts and definitions specified in the *BPM5* are identified in publications.

2.2 Scope

2.2.1 The scope is broadly consistent with international standards, guidelines, or agreed practices.

Geographic coverage: South Africa's "domestic territory" is defined as consisting of the Republic of South Africa. Basically, all resident institutional units engaged in transactions with nonresidents are covered.

In principle, all transactions with nonresidents are covered. However, some service transactions are not covered, e.g., construction services, passenger transportation services by modes of transport other than air, and only partial data are compiled on communication services, and reinvested earnings (foreign branches of domestic banks).

Deviations from the residency principles are not clearly identified.

2.3 Classification/sectorization

2.3.1 Classification/sectorization systems used are broadly consistent with international standards, guidelines, or agreed practices.

The classification of the South African balance of payments is broadly consistent with the standard components of the *BPM5* and is in line with the rest of the world account in the national accounts, and consists of the current account, the capital transfers account, and the financial account. The current account includes trade in goods, services, income and current transfers. Income consists of investment income and compensation of employees. The newly created capital transfers account comprises capital transfers that were part of the current account in previous presentations. The new financial account broadly maintains the same coverage of financial transactions as the former capital account, and covers transactions in South African foreign assets and foreign liabilities.

Goods

Transactions in goods consist of most movable goods that changed ownership between South African residents and nonresidents. In conformity with the new guidelines, this classification has been expanded to incorporate certain transactions, which were previously recorded under services. Separate entries are registered for general merchandise, goods for processing, repairs on goods, goods procured in ports by carriers, and net gold exports. Processing implies that goods are temporarily sent abroad for some kind of transformation without any change of ownership. In the case of repairs on goods, only the net fee for repairs is recorded. Goods procured in ports by carriers, i.e., supply of fuel and provisions to ships and aircraft, are now recorded in the goods account. These transactions were previously registered in the services account as transportation services. Net gold exports (monetary and non-monetary) is included in the goods component. Net gold exports are calculated as a sum of gold exports (less imports from other countries) and gold purchased by the SARB from gold mines but not resold on the international market.

Services

The services account includes the transportation of goods and passengers, travel, and other services. The category for other services includes communication services, financial, and insurance services, royalties and license fees, business services, as well as personal, cultural and recreational services, and government services.

Income

The two components of income flows, namely compensation of employees and direct investment income, are identified separately in the current account. Compensation of employees includes wages, salaries and other benefits earned by individuals from countries other than those in which they are resident. Investment income comprises income earned from the provision of financial capital and is classified as direct and non-direct (i.e., portfolio and other) income.

Current transfers

Transactions classified as current transfers include gifts in cash or in kind to be used for consumption purposes, social insurance contributions and benefits, and taxes imposed by governments. The SACU Agreement provides for the transfer of funds by South Africa as administrator of the customs revenue pool to the other member countries. Such payments can be subdivided into a basic payment of revenue collected on imports into the member country, and a further payment to compensate the member for the advantages accruing to South Africa in terms of the SACU Agreement. The additional amount of compensation to member countries in terms of the SACU Agreement is recorded as a current transfer payment in the South African balance of payments. The amount collected from member countries is still part of the adjustment for regional coverage affected to merchandise export values.

Capital transfers

Capital transfers are offsetting transactions to the transfer of the ownership of fixed assets, transfers of funds associated with the acquisition or disposal of fixed assets (such as a grant by a foreign government earmarked for a housing project in South Africa), debt forgiveness (previously excluded from the balance of payments accounts) and transfers by migrants, i.e., the value of household and personal effects as well as financial claims and liabilities transferred by migrants from former to new economies. Transactions in non-produced, nonfinancial assets are not identified separately in the presentation of South Africa's balance of payments.

Capital transfers consist largely of migrants' transfers to and from South Africa.

Financial account

The financial account consists of direct, portfolio, and other investment classified by sectors (monetary authorities, public authorities, public corporations, banking sector, and private nonbanking sector) with attributed instrument composition.

Reserve assets

The SARB, for analytical purposes, identifies changes in the country's net gold and other foreign reserves separately. The objective is to exclude compensatory borrowing from nonresidents in order to obtain a balance, which reflects the influence of "pure" balance of payments transactions on the country's gold and other foreign reserves. Changes in the net foreign reserves are determined by subtracting from changes in the gross gold and foreign reserves the changes in short-term external liabilities of the SARB, changes in short-term foreign loans to the central government and valuation adjustments. Foreign reserves include gold, special drawing rights, the reserve position in the IMF and foreign exchange holdings of the SARB and ODCs.

The value of South Africa's net gold exports is defined as the net foreign sales of gold plus changes in the gold holdings of the SARB and ODCs. Net gold exports are classified separately in the current account, and no distinction is made between monetary and non-monetary gold.

The utilization of IMF credit facilities by the central government as well as utilization of credit facilities by the SARB is not classified as part of other investment as required in *BPM5*. These liabilities are treated as part of reserve-related liabilities. Changes in the country's net gold and other foreign reserves are identified separately for analytical purposes.

Most deviations from the international statistical guidelines are identified.

2.4 Basis for recording

2.4.1 Market prices are used to value flows and stocks.

Transactions are, where possible, valued at market prices at the time that legal ownership changes.

Goods are valued by customs at the price actually paid or payable for goods. The SARS is currently in the process of setting up an indicative valuation database to support valuation procedures.

In the calculation of the SARB's gross international reserves (official reserves), the SARB's gold holdings are valued at 90 percent of the last ten London fixing prices since April 1978. In accordance with the operational guidelines for the reserve template, the SARB gold reserves are valued at market value (i.e., at the last London fixing price of gold at month-end) in the template.

Reported transactions are converted to rand at the rates prevailing at the time of the transaction. For customs statistics exchange rates are received daily from the SARB, captured onto the SARS mainframe, and transmitted to custom points.

Where the exact transaction dates are unknown, the average rate for the closest period applicable is used.

2.4.2 Recording is done on an accrual basis.

The balance of payments is compiled on an accrual basis. The application of the accrual principle implies that various adjustments (e.g., for timing differences) have to be made to balance of payments statistics to ensure the uniform classification of information.

2.4.3 Grossing/netting procedures are broadly consistent with international standards, guidelines, or agreed practices.

Net gold exports determined by net sales of gold abroad, plus changes in gold holdings of the SARB and other banking institutions, is included in the goods component of the balance of payments.

Income and service distributions subject to withholding taxes are recorded net (rather than gross) of taxes withheld (form BO3, item 8).

Changes in the country's net gold and other foreign reserves are identified separately. Changes in the net foreign reserves are determined by subtracting from changes in the gross gold and foreign reserves the changes in short-term liabilities of the SARB, changes in short-term foreign loans to the central government and valuation adjustments.

Deviations from the international standards are specified.

3. Accuracy and reliability

3.1 Source data

3.1.1 Source data are collected from comprehensive data collection programs that take into account country-specific conditions.

The SARB employs a comprehensive data collection program that is comprised of 12 surveys it conducts itself to collect financial flow data; the trade statistics compiled by the SARS. Data from primary sources are supplemented by administrative data including information from foreign exchange transactions records. The data sources are kept under continuous review to ensure that the data collection program remains comprehensive. The primary data sources are broadly sufficient to compile balance of payments statistics.

Goods

The main source of information for merchandise trade imports and exports is the monthly data on trade flows collected at custom posts by the SARS. Data from the main source are supplemented by monthly information from the Electricity Supply Commission on exports and imports of electricity; quarterly administrative data from the Rand Water Board on imports of water; information from the Rand Refinery and various Mining Houses on the volume and price of gold sales; quarterly reports from copper mines; information from the South Africa Diamond Board on diamond exports; quarterly South Africa Post Office data on parcel posts, data from South Africa shipping companies and South Africa Airways on the value of repairs and goods procured in ports and airports.

Services

Transportation: two valuations of imports, notably c.i.f. and f.o.b. are provided by the SARS. This information is complemented by data from the SARS's quarterly survey of transportation companies, shipping and airways (survey forms B10 and BO6). Survey data are provided with geographical details. Passenger transportation data are based on

information of the DHA for the number of resident travelers by mode of transportation for debit entry and on a South African airline companies survey for credit entry. Data on passenger transportation by other modes of transport are not available.

Travel: the travel component is based on information from the DHA on the number and nationality of travelers crossing the borders through the 54 South African ports of entry. Data are processed and assessed by Stats SA for further manipulation, classification, and computerization. Stats SA submits final data to the SARB. This information is complemented by the personal interview survey of departing visitors at the point of departure conducted by the South Africa Tourism Association (SATOUR), by information from the Department of Environmental Affairs and Tourism, and by monthly survey of trading statistics of hotels compiled by Stats SA. In addition, periodic surveys are conducted by the South African Tourism Board and questionnaires are completed when buying and selling of foreign exchange.

Other services:

Insurance. Information regarding freight insurance is obtained from transport operators. Data related to other insurance services are collected from questionnaires completed by the insurance industry.

Royalties and license fees. Data are obtained from sample surveys conducted by the SARB (forms BO2, BO3) and exchange records of authorized dealers in foreign exchange.

Other business. Entries for other services include, management fees, advertising, communication, and professional services. In addition to quarterly surveys conducted by the SARB (form B03), use is made of information obtained from exchange records of foreign exchange dealers.

Government, n.i.e. Credit entries are estimates based on information obtained from foreign exchange transactions records. Debit entries are derived from data from the Department of Foreign Affairs on the expenditure of South African embassies abroad.

Income:

Compensation of employees. The remuneration of migrant workers is calculated from estimates of the number of foreign workers and their average earnings, classified by industrial sector. Information is obtained from the Chamber of Mines, the Employment Bureau of Africa, and official publications of foreign countries. Estimates of compensation received by South Africans abroad are based on foreign exchange transactions records.

Investment income. Investment income is calculated from information collected by means of the SARB quarterly and annual sample surveys of organizations in the nonbank private sector (forms B02, BO3) including nominee companies that act on behalf of nonresidents, and from accounting information of the SANT, public corporations, and ODCs in South

Africa. Based on the results of the various quarterly/annual sample surveys, the SARB calculates direct and other investment income (that includes portfolio investment income and other investment income).

Current transfers

Estimates for general government are based on information provided by government departments and by the SARB as a custodian for the SACU customs revenue pool. Estimates for other sectors cover payments made and received in respect of missionary societies, legacies, alimony, and contributions to international organizations.

Capital Account

Capital transfers. information on the amount of migrants' transfers to and from South Africa are obtained from the SARS, Government Reconstruction Development Plan (RDP) documents, registered applications to the Parliament, and exchange control records.

Financial Account

Direct investment: the main sources of data on inward and outward direct investment are the quarterly and annual sample surveys. Information on reinvested earnings will in the future be shown separately.

Portfolio investment: data are obtained primarily from the Johannesburg Securities Exchange, the Bond Exchange of South Africa, nominee companies, and the private banking sector. Transactions in share placements are obtained directly from ODCs and/or the private nonbanking sector.

Other investment: data are obtained by means of quarterly/annual sample surveys of ODCs, and institutions in the private nonbanking sector, the Department of Finance, and public corporations.

Reserve assets: reserve assets refer to the gross foreign reserves of the SARB and the ODCs.

The SARB data: the survey list for the 12 surveys used to compile financial flow data consists of approximately 1,000 enterprises undertaking foreign exchange transactions that were selected based on census information of 1995 that covered 20,000 private sector institutions. The census is undertaken by the SARB periodically, approximately once in six years. To form the survey list, the census universe below a certain threshold was cut down to cover 90 percent of total. Thus, small enterprises are barely represented in the sample. There is an on-going search of news media and once a year the survey list is checked across McGregor's Book (business directory) to integrate new transactor units into the list.

Stats SA data: the survey list for the survey of trading statistics of hotels is formed based on the hotels listed by the SATOUR and comprise significant tourist hotels; however, it does not

cover guest houses, bed and breakfast establishments, game lodges, caravan parks, and holiday resorts. The sampling methodology used for the survey of trading statistics of hotels is multiple stratification, using tourism region and star grading as strata. A census of accommodation services is conducted occasionally by Stats SA, the last one in 1995.

3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required.

Goods:

Since the beginning of 1998, customs export figures have been divided between exports of the other SACU members to the rest of the world and South African exports to countries other than the SACU members. South African exports are therefore adjusted to include South African exports to the SACU members. Similar adjustments are made to include South African imports from the SACU countries.

Coverage adjustments are made by the SARB to include acquisition of aircraft under the financial lease agreements, exports and imports of electricity, imports of water, goods for processing, repairs of goods (ships and aircrafts), goods imported and exported to South Africa through the mail. Adjustments are also made to exclude merchanting from the value of import reported by custom statistics.

Customs export data are adjusted by 10 percent to exclude taxes excises payable.

In general, no adjustments are made to the custom import data, as value of imported goods is shown in customs statistics in the price paid or payable for such goods plus price for delivery of the goods at the port or place of export in the country of exportation. However, adjustments are made to exclude the inward transportation of goods entering the country via Maputo.

The adjustments for territorial coverage, valuation and timing adjustments are made to customs figures in accordance with *BPM5* methodology. Compilers are aware of differences in practices used in compiling source data for balance of payments statistics e.g., trade data from customs documents. General explanatory notes in the publications of trade statistics indicate that imports and exports are recorded according to the country of origin and the country of destination, accordingly.

Transportation: Adjustments are made to the value derived from the difference between c.i.f. and f.o.b. valuation of imports to exclude insurance service (3 percent) and transportation of goods by the domestic carriers (from survey data on South Africa shipping companies receipts). Estimates are made for passenger transportation component debit.

Travel component: Estimates of per capita expenditures according to purpose of the visit are applied to information from the Stats SA and the DHA on the number and nationality of travelers crossing the borders. However, the survey for expenditures does not fully meet the balance of payments compilation requirement and should be reviewed. Expenditures by

seasonal and border workers may suffer from undercoverage, as having multipermits to cross the border, the border workers are recorded only once during the reported month and are not distinguished from shuttle traders.

Estimates are made for insurance service imports.

Compensation of employees

Adjustments are made to the Chamber of Mines data on earnings of foreign workers to record inward expenditure and payments in kind to estimate compensation of employees' and workers' remittances components.

Other investments

Information on external debt received from the debt compiling agencies is broadly in line with the recommendations of the *BPM5*.

3.1.3 Source data are timely.

Article 2(3) of the Government Notice No.702 stipulates the right of SARB to prescribe, by notice in the *Government Gazette* or otherwise, forms to be completed and returned within a specified period. The primary source data identified above are timely.

Services: The DHA provide preliminary travel data to SARB within two weeks of the end of the reference month. Stats SA submits final data to the SARB with a four months lag. Delays in obtaining data from some border posts, duplication of records and missing records cause significant delays and require the SARB to base its estimations on data with substantial undercoverage.

Respondents are made aware of the deadlines set for reporting.

3.2 Statistical techniques

3.2.1 Data compilation employs sound statistical techniques.

The SARS data: Currently custom declarations may be submitted in paper, disk, or EDI format. A customs declaration must be received by customs for each bill of entry and transmitted to head-office via a communication protocol that comprises Syntax and Service. Report messages are sent back with the exact syntax error highlighted in case of nonconformance. The SARS is in the process of re-engineering its cargo clearance system into an electronic paperless submission system, and is setting up post-clearance audit at the branch office level to prevent valuation fraud. The design of the custom declarations forms makes them appropriate for computer processing. There are three processing stages for the monthly trade statistics, notably first processing, repetitive processing, both followed by error report, and progressive processing where the relevant month, figures are added to the last month's progressive figures (implementing of revision practice).

The SARB data: the verification of reported statistics involve the following: (i) individual components should add to totals; and (ii) closing external positions from the previous period should correspond with the opening balance of the current period. While recently only a certain part of reporting information is transferred electronically, the SARB encourages transmission of survey information via the Internet.

Because the DHA system is not compatible with other agencies' reporting requirements, the processing of travel data in Stats SA appears to be highly cumbersome.

3.2.2 Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques.

Price/volume analysis is employed on the monthly trade statistics together with time-series analysis and comparison with the relevant month of the previous year.

No estimates for informal (shuttle) trade with neighboring countries are made, as there is undercoverage of the amount of people that cross the border several times per month (shuttle traders and border workers) in view of the regulation that people are counted by the DHA only once to avoid double counting.

A special unit is operating in the Durban port to combat smuggling. There is a plan to create an additional unit in Cape Town. Currently, no statistics are available to the balance of payments compilers.

Estimates for the passenger transportation component are made by applying information on the average cost of foreign airline tickets to the number of resident travelers (debit entry).

To estimate the travel component, comprehensive statistical techniques that combine three estimation methods with subsequent reconciliation and judgment are employed by the SARB. These comprise: (i) calculations based on information on spending derived from the benchmark Stats SA survey on per capita income inflated by current CPI and applied to the number of tourists by geographical distribution; (ii) estimates applied to information from foreign exchange control forms on the purchases/sales of foreign currency; (iii) inflating data from the SATOUR independent survey.

Estimates for insurance service debit are made by applying a 3 percent ratio to the difference between c.i.f. and f.o.b. valuations of imports.

3.3 Assessment and validation

3.3.1 Source data—including censuses, sample surveys and administrative records—are routinely assessed, e.g., for coverage, sample error, response error, and non-sampling error; the results of the assessments are monitored and made available to guide planning.

The verification of reported statistics involves the following: (i) reported stock positions should reconcile with transaction flows; (ii) the relationship between financial fees paid and received should be consistent with the amount of foreign finance utilized; and (iii) closing external positions from the previous period should correspond with the opening balance of the current period.

3.3.2 Main intermediate results are validated against other information where applicable.

For a second valuation control customs data on exports and imports of diamonds are reconciled with the information from the South Africa Diamond Board on the value of refined diamonds and of diamonds exports. Data on gold exports are reconciled with the information from the Chamber of Mines members on the production of gold, changes in the stock of gold, price and value of gold sales.

3.3.3 Statistical discrepancies and other potential indicators of problems in statistical outputs are investigated and made available to guide users.

The trends in errors and omissions are monitored.

A price/value analysis of merchandise trade data is conducted in the SARS and the SARB, followed by time-series analysis of freight earnings in relation to trade flow conducted by the SARB.

A bilateral comparison/reconciliation of merchandise trade data is conducted with the SACU countries and followed by bilateral consultations.

3.4 Revision studies

The SARB revises data once or twice a year depending on the size of the adjustments (in case of minor changes, data are revised once a year).

Monthly revisions of merchandise trade statistics are carried out by the SARS during the progressive stage of data processing, where data from the non-processed declarations for the previous months are added to the relevant months.

3.4.1 Studies and analyses of revisions are carried out routinely and used to inform statistical processes.

Some information is provided in the explanatory notes.

3.4.2 Revision studies and analyses are made public and used to guide data users.

Some information is provided in the explanatory notes.

4. Serviceability

4.1 Relevance

4.1.1 Processes to monitor the relevance and practical utility of existing statistics in meeting users' needs are in place.

SARB staff have participated in international statistical meetings that dealt with international trade in services and a seminar on external debt statistics. The SARB will participate in the IMF-sponsored 2001 Coordinated Portfolio Investment Survey.

4.2 Timeliness and periodicity

4.2.1 Periodicity follows dissemination standards.

South Africa's balance of payments is compiled quarterly in South African rand; this statement is published in the SARB's *Quarterly Bulletin* and on the SARB's web site.

Data on goods and reserves transactions are disseminated monthly.

4.2.2 Timeliness follows dissemination standards.

Quarterly balance of payments statistics are disseminated within one quarter after the reference period.

4.3 Consistency

4.3.1 Statistics are consistent or reconcilable over a reasonable period of time.

Notice of major changes in methodology is given at the time of the change in all the statistical releases .

4.3.2 Statistics are internally consistent (e.g., accounting identities observed).

Over the long run, the net errors and omissions item has not been large and has been stable over time.

4.3.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks²⁰.

²⁰ Consistency or coherence between statistics is oriented toward the comparison of different statistics.

Balance of payments data are incorporated in the national accounts. Financial account transactions are reconciled with changes in the stock of foreign debt on a semi-annual basis. Financial account transactions are reconciled with the international investment position data on an annual basis. The stock of foreign debt is reconciled with the international investment position data on an annual basis.

4.4 Revision policy and practice

4.4.1 Revisions follow a regular, well established, and transparent schedule.

Data for the last four years are considered to be preliminary and subject to revision. Users are informed that revisions could result from:

- revised, more accurate up-to-date information received.
- better estimates for a particular period based on more complete coverage.
- changes in the conceptual framework.

Revisions were made to the historical data on gold exports for 1992–96 during 1996, in light of new information on forward gold sales.

4.4.2 Preliminary data are clearly identified.

A footnote to the balance of payments table in the SARB *Quarterly Bulletin* informs users that data are preliminary and subject to revision (e.g., see *Quarterly Bulletin of the South African Reserve Bank*, September 2000, p.84).

Users are alerted that statistics published in the *Monthly Abstract of Trade Statistics* are preliminary and subject to revision, and that all revisions to monthly figures may be included in the statistics for any subsequent period during the relevant calendar year.

4.4.3 Studies and analyses of revisions are carried out routinely and made public.

Revisions are measured, assessed, and explained to users.

5. Accessibility

5.1 Data accessibility

5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts).

The analytical presentation of the balance of payments is largely in accordance with the methodology recommended in the *BPM5*. The monthly "Statement of Assets and Liabilities" presents a breakdown of official reserves into gold and foreign exchange reserves. The *SARB Quarterly Bulletin* publishes quarterly data showing a breakdown of official reserves into SDRs and other foreign exchange reserves. Explanatory notes are published in the *Monthly Abstract of Foreign Trade*, and are also published in the annual publication *Foreign Trade Statistics*.

5.1.2 Dissemination media and formats are adequate.

International reserves and foreign currency liquidity data can be accessed at <http://www.resbank.co.za/Economics/templatemain.htm>

5.1.3 Statistics are released on a pre-announced schedule.

An advance release calendar which gives one-quarter-ahead notice of the precise release dates is disseminated on the SARB's Internet web site. A notice to this effect is published in the Monthly Release of Selected Data.

Merchandise trade data are compiled and published under the terms of the Customs and Excise Act, No. 91 of 1964. This Act stipulates that statistics on the import and export trade shall be compiled and tabulated by the Commissioner for Customs and Excise (who is, in effect, the Commissioner for the SARS) and published at such times and in such manner as the Minister may direct. (The Minister determines the broad policy on the manner and intervals of publication based on the recommendations of the Commissioner.)

5.1.4 Statistics are made available to all users at the same time.

The data are released simultaneously to all interested parties by publishing the *SARB Quarterly Bulletin*.

The *SARB Quarterly Bulletin* is released to the press, on an embargo basis, six hours before general release on the condition that no data may be released prior to the lifting of the embargo. Once released, copies of the publication are available at the SARB's headquarters and the Johannesburg and Cape Town branch offices, as well as on a subscription basis.

Immediately following release, the *SARB Quarterly Bulletin* is posted on the SARB's Internet web site.

5.1.5 Nonpublished (but nonconfidential) sub-aggregates are made available upon request.

Sub-aggregates are made available upon request; they comprise aggregates by balance of payments items, geographical aggregates with partner countries, and sector-based aggregates.

5.2 Metadata accessibility

5.2.1 Documentation on concepts, scope, classifications, basis for recording, data sources, and statistical techniques is available, and differences from international standards are annotated.

Section 7 “Duties and powers of Statistician General” of the Statistics Act, 1999 states that the Statistician General must seek to ensure appropriate public awareness of statistical collections and activities.

The SDDS statistical methodologies, and other related metadata, are periodically reviewed and updated.

5.2.2 Different levels of detail are provided depending on intended audience and type of collection.

The “Preliminary Statement of Trade Statistics” publishes: (i) detailed data for each section of the Harmonized Commodity Description and Coding System; and (ii) global figures for the five main continents. The SARB *Quarterly Bulletin* publishes balance of payments-adjusted data on trade statistics. Price and volume indices are shown separately for goods and services. Sectoral classification of the financial account flows is also published. The turnover on the South African foreign exchange market is monitored on a daily basis and published on a monthly basis. Two publications are issued by Stats SA on arrivals and departures at the three international airports (statistical release P 0352), and arrival and departures from all points of entry (statistical release P 0351). In addition, trading statistics of hotels are published monthly in the statistical release P 6441.

Selected aggregate data in the trade, services, and income accounts are computed and disseminated on a seasonally adjusted and annualized basis.

5.3 Assistance to users

5.3.1 Contact person for each subject field is publicized.

The address of the SARB Governor is published regularly on the SARB web site that reviews the regulations of the financial sector, including the statistical issues.

5.3.2 Catalogues of publications, documents, and other services, including information on any charges, are widely available.

A catalogue of publications, documents, and other services to the users is maintained and updated each year on the SARB web site. The prices of the statistical products and services are disclosed and assistance is provided in placing orders.

**Data Quality Assessment Framework—Generic Framework
(Draft as of end March 2001)**

Quality Dimensions	Elements	Indicators
<p>Prerequisites of quality¹¹</p>	<p>0.1 Legal and institutional environment – <i>The environment is supportive of statistics.</i></p> <p>0.2 Resources – <i>Resources are commensurate with needs of statistical programs.</i></p> <p>0.3 Quality awareness – <i>Quality is recognized as a cornerstone of statistical work.</i></p>	<p>0.1.1 The responsibility for collecting, processing, and disseminating statistics is clearly specified.</p> <p>0.1.2 Data sharing and coordination among data producing agencies are adequate.</p> <p>0.1.3 Respondents' data are to be kept confidential and used for statistical purposes only.</p> <p>0.1.4 Statistical reporting is ensured through legal mandate and/or measures implemented to encourage voluntary response.</p> <p>0.2.1 Staff, financial, and computing resources are commensurate with institutional programs.</p> <p>0.2.2 Measures to ensure efficient use of resources are implemented.</p> <p>0.3.1 Processes are in place to focus on quality, to monitor the quality of the collection, processing, and dissemination of statistics, to acknowledge and deal with tradeoffs within quality, and to guide planning for existing and emerging needs.</p>
<p>1. Integrity</p> <p><i>The principle of objectivity in the collection, processing, and dissemination of statistics is firmly adhered to.</i></p>	<p>1.1 Professionalism – Professionalism in statistical policies and practices is a guiding principle.</p> <p>1.2 Transparency – <i>Statistical policies and practices are transparent.</i></p> <p>1.3 Ethical standards – <i>Policies and practices are guided by ethical standards.</i></p>	<p>1.1.1 Statistics are compiled on an impartial basis.</p> <p>1.1.2 Choices of sources and statistical techniques are informed solely by statistical considerations.</p> <p>1.1.3 The appropriate statistical entity is entitled to comment on erroneous interpretation and misuse of statistics.</p> <p>1.2.1 The terms and conditions under which statistics are collected, processed, and disseminated are available to the public.</p> <p>1.2.2 Internal governmental access to statistics prior to their release is publicly identified.</p> <p>1.2.3 Products of statistical agencies/units are clearly identified as such.</p> <p>1.2.4 Advance notice is given of major changes in methodology, source data, and statistical techniques.</p> <p>1.3.1 Guidelines for staff behavior are clear and publicized.</p>

Quality Dimensions	Elements	Indicators
<p>2. Methodological soundness</p> <p><i>The methodological basis for the statistics follows international standards, guidelines, or agreed practices.</i></p>	<p>2.1 Concepts and definitions – <i>Concepts and definitions used are in accord with standard statistical frameworks.</i></p> <p>2.2 Scope – <i>The scope is in accord with internationally accepted standards.</i></p> <p>2.3 Classification/sectorization – <i>Classification and sectorization systems are in accord with internationally accepted standards.</i></p> <p>2.4 Basis for recording – <i>Flows and stocks are valued and recorded according to internationally accepted standards.</i></p>	<p>2.1.1 The overall structure in terms of concepts and definitions follows international standards, guidelines, or agreed practices: see dataset-specific framework.</p> <p>2.2.1 The scope is broadly consistent with international standards, guidelines, or agreed practices: see dataset-specific framework.</p> <p>2.3.1 Classification/ sectorization systems used are broadly consistent with international standards, guidelines, or a agreed practices: see dataset-specific framework.</p> <p>2.4.1 Market prices are used to value flows and stocks.</p> <p>2.4.2 Recording is done on an accrual basis.</p> <p>2.4.3 Grossing/netting procedures are broadly consistent with international standards, guidelines, or agreed practices.</p>
<p>3. Accuracy and reliability</p> <p>Source data and statistical techniques are sound, and output data sufficiently portray reality.</p>	<p>3.1 Source data – <i>Source data available provide an adequate basis to compile statistics.</i></p> <p>3.2 Statistical techniques – <i>Statistical techniques employed conform with sound statistical procedures.</i></p> <p>3.3 Assessment and validation – <i>Source data are regularly assessed and results validated.</i></p> <p>3.4 Revision studies – <i>Revisions, as a gauge of reliability, are tracked and mined for the information they may provide.</i></p>	<p>3.1.1 Source data are collected from comprehensive data collection programs that take into account country-specific conditions.</p> <p>3.1.2 Source data reasonably approximate the definitions, scope, classifications, valuation, and time of recording required.</p> <p>3.1.3 Source data are timely.</p> <p>3.2.1 Data compilation employs sound statistical techniques.</p> <p>3.2.2 Other statistical procedures (e.g., data adjustments and transformations, and statistical analysis) employ sound statistical techniques.</p> <p>3.3.1 Source data—including censuses, sample surveys and administrative records—are routinely assessed, e.g., for coverage, sample error, response error, and non-sampling error; the results of the assessments are monitored and made available to guide planning.</p> <p>3.3.2 Main intermediate results are validated against other information where applicable.</p> <p>3.3.3 Statistical discrepancies and other potential indicators of problems in statistical outputs are investigated and made available to guide users.</p> <p>3.4.1 Studies and analyses of revisions are carried out routinely and used to inform statistical processes.</p> <p>3.4.2 Revision studies and analyses are made public and used to guide data users.</p>

Quality Dimensions	Elements	Indicators
<p>4. Serviceability</p> <p><i>Statistics are relevant, timely, consistent, and follow a predictable revisions policy.</i></p>	<p>4.1 Relevance – <i>Statistics cover relevant information on the subject field.</i></p> <p>4.2 Timeliness and periodicity – <i>Timeliness and periodicity follow internationally accepted dissemination standards.</i></p> <p>4.3 Consistency – <i>Statistics are consistent over time, internally, and with major data systems.</i></p> <p>4.4 Revision policy and practice – <i>Data revisions follow a regular and publicized procedure.</i></p>	<p>4.1.1 Processes to monitor the relevance and practical utility of existing statistics in meeting users’ needs are in place.</p> <p>4.2.1 Periodicity follows dissemination standards. 4.2.2 Timeliness follows dissemination standards.</p> <p>4.3.1 Statistics are consistent or reconcilable over a reasonable period of time. 4.3.2 Statistics are internally consistent (e.g., accounting identities observed). 4.3.3 Statistics are consistent or reconcilable with those obtained through other data sources and/or statistical frameworks.</p> <p>4.4.1 Revisions follow a regular, well-established and transparent schedule. 4.4.2 Preliminary data are clearly identified. 4.4.3 Studies and analyses of revisions are carried out routinely and made public.</p>
<p>5. Accessibility</p> <p><i>Data and metadata are easily available and assistance to users is adequate.</i></p>	<p>5.1 Data accessibility – <i>Statistics are presented in a clear and understandable manner, forms of dissemination are adequate, and statistics are made available on an impartial basis.</i></p> <p>5.2 Metadata accessibility – <i>Up-to-date and pertinent metadata are made available.</i></p> <p>5.3 Assistance to users – <i>Prompt and knowledgeable support service is available.</i></p>	<p>5.1.1 Statistics are presented in a way that facilitates proper interpretation and meaningful comparisons (layout and clarity of text, tables, and charts). 5.1.2 Dissemination media and formats are adequate. 5.1.3 Statistics are released on a pre-announced schedule. 5.1.4 Statistics are made available to all users at the same time. 5.1.5 Non-published (but non-confidential) sub-aggregates are made available upon request.</p> <p>5.2.1 Documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques is available, and differences from international standards are annotated. 5.2.2 Different levels of detail are provided depending on intended audience and type of collection.</p> <p>5.3.1 Contact person for each subject field is publicized. 5.3.2 Catalogues of publications, documents, and other services, including information on any charges, are widely available.</p>

¹¹ The elements and indicators included here bring together the “pointers to quality” that are applicable across the five identified dimensions of data quality.