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Statistical release

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Quarterly financial statistics of municipalities

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Key findings

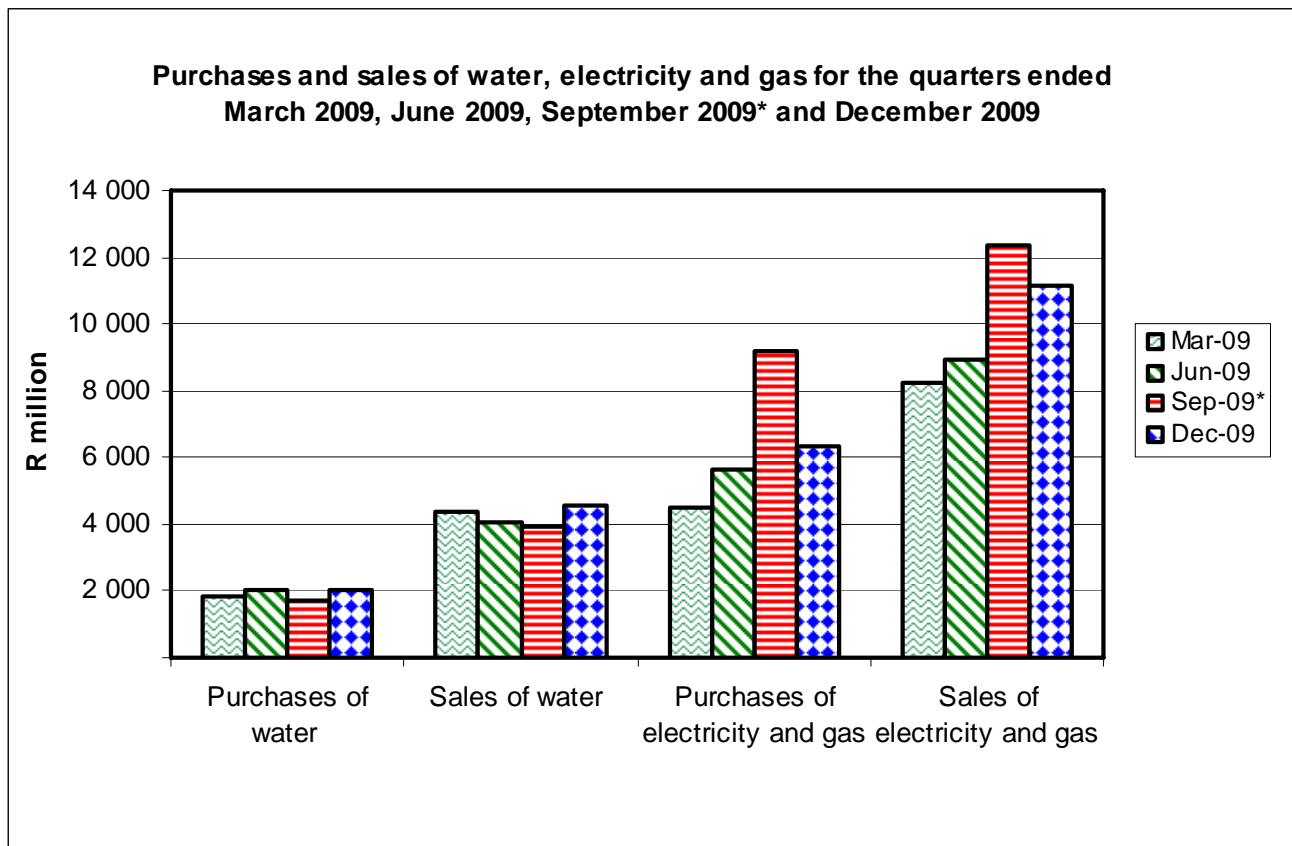
Item	March 2009	June 2009	September 2009*	December 2009	% change between quarters ended Sep. and Dec. 2009	Difference between quarters ended Sep. and Dec. 2009
	R million					R million
Purchases of water	1 813	2 027	1 733	2 057	18,7	324
Sales of water	4 348	4 058	3 903	4 568	17,0	665
Purchases of electricity and gas	4 513	5 639	9 165	6 322	-31,0	-2 843
Sales of electricity and gas	8 214	8 914	12 328	11 198	-9,2	-1 130
Property, plant and equipment (Net carrying value)	132 985	143 832	209 919	213 675	1,8	3 756

* Revised

Purchases of water increased by 18,7% between the quarters ended September 2009 and December 2009. Purchases of electricity and gas decreased by 31,0% over the same period.

Sales of electricity and gas decreased by 9,2% between the quarters ended September 2009 and December 2009. An increase of 17,0% was recorded in the sales of water over the same period.

Property, plant and equipment increased by 1,8% between the quarters ended September 2009 and December 2009.



*Revised

PJ Lehohla
Statistician-General

Part 1 – Consolidated statement of financial position of municipalities as at the end of March 2009, June 2009, September 2009 and December 2009 quarters

Net assets	March 2009	June 2009	September 2009*	December 2009	Difference between quarters ended Sep. and Dec. 2009
	R million				
Housing development funds	1 859	1 843	1 880	1 920	40
Capital replacement reserve	54 186	54 997	21 181	20 751	-430
Capitalisation reserve	0	0	4 492	4 723	231
Government grant reserve	0	0	22 653	22 886	233
Donations and public contributions reserve	0	0	3 247	3 120	-127
Self-insurance reserve	0	0	1 117	1 141	24
Revaluation reserve	0	0	15 422	15 383	-39
COIDA ¹ reserve	0	0	264	260	-4
Pre-GAMAP reserves and funds	0	0	2 142	2 310	168
Retained Surplus/Accumulated deficit	71 332	75 221	120 367	120 203	-164
Outside shareholders' interest	0	0	0	0	0
Non-current liabilities					
Marketable loan stock and bonds	0	0	0	0	0
Domestic loan stock held by:					
Other local government institutions	280	277	294	274	-20
Public financial corporations	0	0	0	0	0
Public non-financial corporations	0	0	0	0	0
Private companies	0	0	0	0	0
Other	3 659	4 778	4 490	4 440	-50
Bonds held by:					
Other local government institutions	0	0	0	0	0
Public financial corporations	0	0	0	0	0
Public non-financial corporations	0	0	0	0	0
Private companies	0	0	0	0	0
Other	5 946	5 946	9 348	9 689	341
Government housing loans to public welfare organisations and individuals sponsored by the respondent	5	5	0	0	0
Long-term loans received from:					
National government	71	71	0	0	0
Provincial government	3	2	1	1	0
Local government institutions	63	63	38	38	0
Development Bank of Southern Africa (DBSA)	7 294	7 306	11 051	10 979	-72
Local authorities loans fund	2	2	1	1	0
Public financial corporations	76	75	59	58	-1
Public non-financial corporations	1	0	1	1	0
Banks	7 821	8 554	7 996	7 984	-12

* Revised

Part 1 – Consolidated statement of financial position of municipalities as at the end of March 2009, June 2009, September 2009 and December 2009 quarters (continued)

Net assets	March 2009	June 2009	September 2009*	December 2009	Difference between quarters ended Sep. and Dec. 2009
	R million				
Insurers	2	2	2	2	0
Pension funds	0	0	2	2	0
Public Investment Corporation (PIC)	339	339	338	338	0
Private companies	0	0	0	0	0
Other domestic sources (Including INCA ²)	2 516	2 493	2 099	2 454	355
Long-term leases	237	249	315	333	18
Non-current provisions	6 981	7 568	8 886	9 140	254
Current liabilities:					
External short-term loans and deposits from:					
Local government institutions	3	3	1	1	0
Development Bank of Southern Africa (DBSA)	463	458	450	516	66
Local authorities loans fund	7	7	3	3	0
Public financial corporations	4	0	0	0	0
Public non-financial corporations	0	0	0	0	0
Banks	456	433	310	321	11
Insurers	0	0	0	0	0
Pension funds	0	0	0	0	0
Public Investment Corporation (PIC)	0	0	20	20	0
Private companies	0	0	1	1	0
Other domestic sources (including INCA)	160	169	94	90	-4
Unspent conditional grants	6 749	6 377	8 160	10 525	2 365
Current provisions	4 620	5 492	5 836	6 468	632
Short-term leases	214	224	208	215	7
VAT ³ payable	1 266	1 224	1 799	1 790	-9
Bank overdraft	1 836	1 895	2 123	2 644	521
Creditors:					
Trade creditors	9 657	12 193	17 797	15 670	-2 127
Consumer deposits	2 435	2 435	2 533	2 998	465
Income received in advance	2 433	2 461	2 305	2 281	-24
Other creditors	6 215	6 846	7 574	7 960	386
Liabilities not reflected elsewhere ⁴	5 780	5 392	3 902	4 135	233
Total net assets and liabilities	204 971	215 400	290 802	294 069	3 267

¹ COIDA: Compensation Commissioner for Occupational Injuries and Diseases

² INCA: Infrastructure Finance Corporation Ltd

³ Valued Added Tax

⁴ Includes suspense accounts and liabilities not shown separately

* Revised

Part 1 – Consolidated statement of financial position of municipalities as at the end of March 2009, June 2009, September 2009 and December 2009 quarters (continued).

Assets	March 2009	June 2009	September 2009*	December 2009	Difference between quarters ended Sep. and Dec. 2009
	R million				
Property, plant and equipment (net carrying value)	132 985	143 832	209 919	213 675	3 756
Investment property	1 098	1 129	6 152	6 277	125
Intangible assets	0	0	1 115	1 331	216
Biological (cultivated) assets	0	0	36	45	9
Investments in marketable securities:					
Municipal stock/shares	393	432	3 984	3 802	-182
Other marketable stock/shares:					
Government stock	23	23	0	0	0
Treasury bills	0	0	0	0	0
Other local government institutions	0	0	39	39	0
Public financial corporations stock	4	4	0	0	0
Public non-financial corporations stock	0	0	0	0	0
Other companies	535	536	362	431	69
Investments in non-marketable instruments of spheres of government, government institutions and elsewhere	57	57	0	0	0
Long-term receivables:					
Loans to controlled municipal entities	24	24	23	23	0
Car loans	16	14	9	9	0
Housing selling scheme loans	604	601	535	520	-15
Sewerage connection loans	0	0	12	12	0
Electricity appliance purchase scheme	3	3	0	0	0
Other	2 281	2 266	2 372	2 363	-9
Sponsored government housing loans to public welfare and organisations and individuals	5	5	1	1	0
External long-term loans, deposits and investments:					
Long-term loans to:					
Other local government institutions	11	11	1	1	0
Public financial corporations	32	32	32	31	-1
Public non-financial corporations	0	0	0	0	0
Other companies	0	0	0	0	0
Individuals	37	36	32	36	4
Other	68	68	38	38	0
Long-term deposits and other investments with:					
Public Investment Corporation (PIC)	11	11	32	37	5
Banks	6 518	6 685	6 188	5 922	-266
Public financial corporations	0	0	7	7	0
Public non-financial corporations	0	0	0	0	0

* Revised

Part 1 – Consolidated statement of financial position of municipalities as at the end of March 2009, June 2009, September 2009 and December 2009 quarters (concluded)

Assets	March 2009	June 2009	September 2009*	December 2009	Difference between quarters ended Sep. and Dec. 2009
	R million				
Other	795	814	698	726	28
Current assets:					
Inventory	1 814	1 792	2 489	2 530	41
External short-term loans, deposits and investments					
Short-term loans to:					
Other local government institutions	0	0	1	1	0
Public financial corporations	328	328	426	446	20
Public non-financial corporations	0	0	0	0	0
Other companies	0	0	0	0	0
Individuals	9	9	2	2	0
Other	72	77	70	70	0
Short-term deposits and other investments with:					
Public Investment Corporation (PIC)	190	190	211	217	6
Banks	15 608	14 179	13 921	13 748	-173
Public financial corporations	0	0	1	1	0
Public non-financial corporations	0	0	0	0	0
Other	4 552	4 540	3 233	3 224	-9
Debtors:					
Consumer debtors	20 745	21 213	23 749	22 684	-1 065
Other debtors	6 417	7 224	6 892	7 371	479
VAT receivable	0	0	974	1 154	180
Prepaid expenses	35	35	35	42	7
Petty cash and bank	8 369	7 764	6 684	6 823	139
Assets not reflected elsewhere ¹	1 332	1 466	527	430	-97
Total assets	204 971	215 400	290 802	294 069	3 267

¹Includes suspense accounts and assets not shown separately

*Revised

Part 2 – Statement of financial performance of municipalities for rates and general services for the quarters ended March 2009, June 2009, September 2009 and December 2009: Expenditure

Expenditure	March 2009	June 2009	September 2009*	December 2009	Difference between quarters ended Sep. and Dec. 2009
	R million				
Employee related costs	6 047	6 660	6 611	7 515	904
Remuneration of board of directors/councillors	465	508	447	478	31
Property rates	52	73	145	106	-39
Interest paid	496	755	582	967	385
Loss on the disposal of property, plant and equipment	4	18	2	4	2
Bad debts	449	681	299	448	149
Contracted services	616	738	412	596	184
Collection cost	72	93	60	83	23
Depreciation	776	824	698	669	-29
Impairment loss	0	0	0	0	0
Repairs and maintenance	658	842	614	768	154
Grants and subsidies paid to:					
Other local government institutions	1 405	864	665	724	59
Tertiary institutions of higher learning	0	0	0	0	0
Other	166	112	191	211	20
General expenditure:					
Accommodation	61	84	71	88	17
Advertising	41	36	34	28	-6
Audit fees	0	0	39	150	111
Bank charges	58	42	34	40	6
Cleaning services	12	11	15	21	6
Consultancy fees	127	179	105	166	61
Entertainment costs	0	0	17	20	3
Fuel and oil	108	130	78	74	-4
Hiring of plant and equipment	80	84	56	55	-1
Insurance costs	84	66	153	99	-54
Membership fees	28	14	33	32	-1
Pharmaceutical	13	16	12	11	-1
Postage and stamps	47	37	34	55	21
Printing and stationery	96	86	77	73	-4
Rental of land, buildings and other structures	219	188	131	97	-34
Rental of office equipment	117	109	33	34	1
Security fees	34	39	160	238	78
Telecommunication services	167	147	124	160	36
Training and education	54	62	45	77	32
Transport	26	42	26	36	10
Other expenditure	4 107	5 094	3 022	3 601	579
Surplus	9 281	2 427	11 793	8 524	-3 269
Total expenditure	25 966	21 061	26 818	26 248	-570

* Revised

Part 2 – Statement of financial performance of municipalities for rates and general services for the quarters ended March 2009, June 2009, September 2009 and December 2009: Income

Income	March 2009	June 2009	September 2009*	December 2009	Difference between quarters ended Sep. and Dec. 2009
	R million				
Taxes on property					
Property rates from:					
National government	12	12	18	14	-4
Provincial government	9	8	15	15	0
Local government institutions	2	1	1	1	0
Public corporations	0	0	0	0	0
Property rates and other:					
Rates from individuals and private companies	6 034	5 664	7 097	6 718	-379
Property rates - penalties imposed and collection charges	118	153	197	165	-32
Interest received from:					
Interest earned: External investments	776	793	347	429	82
Interest earned: Outstanding debtors	691	501	303	282	-21
Dividend received	0	0	0	0	0
Fines	264	275	266	199	-67
Licences and permits	87	115	103	95	-8
Income for agency services	155	163	181	204	23
Rental of facilities	199	134	122	106	-16
Bad debts recovered	0	0	0	0	0
Public contribution, donations/donated PPE	3	4	5	4	-1
Gains on the disposal of property, plant and equipment	95	44	17	21	4
Subsidies from:					
National government	54	61	21	21	0
Provincial government	29	33	42	26	-16
Local government	0	0	0	0	0
Other	16	17	10	10	0
Grants from (including equitable share):					
National government	7 848	7 218	10 446	8 304	-2 142
Provincial government	268	299	240	267	27
Local government	5	4	4	3	-1
Other	1 127	926	149	125	-24
Spent conditional grant	30	22	5	31	26
Other income	2 165	2 003	1 770	2 135	365
Deficit	5 979	2 611	5 459	7 073	1 614
Total income	25 966	21 061	26 818	26 248	-570

* Revised

Part 3 – Statement of financial performance of municipalities for housing and trading services for the quarters ended March 2009, June 2009, September 2009 and December 2009: Expenditure

Expenditure	March 2009	June 2009	September 2009*	December 2009	Difference between quarters ended Sep. and Dec. 2009
	R million				
Employee related costs	3 208	3 186	3 462	3 788	326
Property rates paid	19	21	5	3	-2
Interest paid	306	356	412	606	194
Loss on disposal of property, plant and equipment	3	5	1	1	0
Bad debts	545	1 017	667	874	207
Contracted services	735	857	655	726	71
Collection costs	14	17	18	24	6
Depreciation and amortisation	908	1 101	699	690	-9
Impairment loss	0	0	0	0	0
Repairs and maintenance	1 382	1 983	1 425	1 605	180
Purchases of electricity and gas	4 513	5 639	9 165	6 322	-2 843
Purchases of water	1 813	2 027	1 733	2 057	324
Grants and subsidies paid to:					
Other local government institutions	12	12	0	0	0
Tertiary institutions of higher learning	0	0	0	0	0
Other	221	232	201	292	91
General Expenditure:					
Accommodation, travelling and subsistence	16	15	12	17	5
Advertising	3	4	3	4	1
Audit fees	0	0	1	8	7
Bank charges	2	2	2	2	0
Cleaning services	15	18	12	6	-6
Consultancy fees	42	56	41	32	-9
Entertainment costs	0	0	0	0	0
Fuel and oil	122	109	92	104	12
Hiring of plant and equipment	52	83	80	54	-26
Insurance costs	31	31	18	17	-1
Membership fees	1	1	0	0	0
Pharmaceutical	1	1	1	1	0
Postage and courier services	2	2	2	1	-1
Printing and stationery	11	13	13	12	-1
Rental of land, buildings and other structures	12	12	11	12	1
Rental of office equipment	8	10	8	4	-4
Security services	40	47	32	26	-6
Telecommunication services	21	28	21	19	-2
Training and education	7	8	9	12	3
Transport costs	56	46	29	61	32
Other expenditure	3 244	3 795	2 475	2 677	202
Surplus	2 870	2 227	3 688	3 791	103
Total expenditure	20 235	22 961	24 993	23 848	-1 145

* Revised

Part 3 – Statement of financial performance of municipalities for housing and trading services for the quarters ended March 2009, June 2009, September 2009 and December 2009: Income

Income	March 2009	June 2009	September 2009*	December 2009	Difference between quarters ended Sep. and Dec. 2009
	R million				
Interest earned from:					
Interest earned: External investments	53	20	58	26	-32
Interest earned: Outstanding debtors	300	140	213	203	-10
Dividends received	0	0	0	0	0
Fines	11	14	7	7	0
Licences and permits	22	26	38	40	2
Income for agency services	120	127	91	102	11
Rental of facilities and equipment	218	146	148	132	-16
Bad debts recovered	3	3	3	3	0
Public contributions and donations (including property, plant and equipment)	14	83	12	22	10
Gains on the disposal of property, plant and equipment	24	6	3	2	-1
Sales of electricity and gas	8 214	8 914	12 328	11 198	-1 130
Sales of water	4 348	4 058	3 903	4 568	665
Refuse removal	829	816	885	899	14
Sewerage and sanitation	855	797	861	906	45
Subsidies from:					
National government	73	73	48	20	-28
Provincial government	64	49	17	18	1
Local government	0	0	0	0	0
Other	5	7	1	1	0
Grants from (include equitable share):					
National government	1 938	2 157	2 003	1 816	-187
Provincial government	185	172	155	127	-28
Local government	5	4	3	1	-2
Other	114	137	115	189	74
Spent conditional grant	89	99	48	95	47
Other income	1 366	1 533	1 041	1 406	365
Deficit	1 385	3 580	3 012	2 067	-945
Total income	20 235	22 961	24 993	23 848	-1 145

* Revised

Notes

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Purpose of survey The quarterly financial statistics of municipalities is a quarterly survey that covers local, district and metropolitan municipalities in South Africa. The results are used to estimate Gross Domestic Product (GDP) and its components as well as to assist the public sector with policy formulation and the financial analysis of municipalities.

Response rates

March quarter 2009:	84%
June quarter 2009:	83%
September quarter 2009:	82%
December quarter 2009:	83%

Reasons for fluctuation:

- Change of accounting standards from IMFO to GRAP/GAMAP.
- Revisions and corrections reported by respondents.

Explanatory notes

- Introduction**
- 1 The purpose of the quarterly financial statistics survey of municipalities is to provide both stakeholders and users with information for allowing analysis and assessment of the state of municipal finances.
- This publication contains estimates for the quarters ended March 2009, June 2009, September 2009 and December 2009. The survey is designed to obtain financial information of municipalities relating to:
- the consolidated statement of financial position of municipalities;
 - the statement of financial performance of municipalities – rates and general services; and
 - the statement of financial performance of municipalities – housing and trading services.
- Scope of the survey**
- 2 This survey covers quarterly financial information of all 283 municipalities.
- Classification and accounting standards**
- 3 For the purposes of classification of local government institutions according to activities, Statistics South Africa (Stats SA) used the *Standard Industrial Classification of all Economic Activities, Fifth Edition, Report No,09-90-02 of January 1993 (SIC)*. Activities of the local government institutions also adhere to the accounting standards and requirements in terms of the Institute of Municipal Finance Officers (IMFO) and also General Recognised Accounting Practice (GRAP).
- Survey methodology and design**
- 4 The statistical unit for the collection of information is the municipality.
- Imputation**
- 5 The historical method is used to impute for non-response. According to this method previous information is used to arrive at current figures, after being appraised for its suitability.
- Revised figures**
- 6 Estimates for the quarters are preliminary. Figures will be revised if respondents report revisions or corrections to their figures and late submission of their data to Stats SA.
- Rounding off figures**
- 7 The figures in the tables have been rounded to the nearest digit shown. There may be slight discrepancies between the sums of the constituent items and the totals shown.
- Related publications**
- 8 Users may wish to refer to the following Stats SA publications:
- P9101 Capital expenditure of the public sector;
 - P9114 Financial census of municipalities;
 - P9119.4 Financial statistics of consolidated general government;
 - P0441 Gross domestic product;
 - P0277 Quarterly employment statistics; and
 - D9144 Quarterly financial statistics of municipalities.
- Symbols and abbreviations used**
- 9
- | | |
|----------|--|
| GAMAP | Generally Accepted Municipal Accounting Practice |
| GRAP | General Recognised Accounting Practice |
| IMFO | Institute of Municipal Finance Officers |
| SIC | Standard Industrial Classification |
| Stats SA | Statistics South Africa |
| 0 | nil or not applicable |

Glossary

Capital replacement reserve (CRR)	In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/deficit to the CRR in terms of a council resolution. The cash in the designated CRR bank account can be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/deficit is credited by a corresponding amount when the amounts in the CRR are utilised. The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.
Capitalisation reserve	<p>On the implementation of GAMAP/GRAP, the balances on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a capitalisation reserve instead of the accumulated surplus/deficit in terms of a directive (budget circular) issued by National Treasury. The purpose of this reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit.</p> <p>The balance on the capitalisation reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the capitalisation reserve to the accumulated surplus/deficit. When an item of property, plant and equipment is disposed, the balance in the capitalisation reserve relating to such item is transferred to the accumulated surplus/deficit.</p>
Consolidated statement of financial position	The aggregate or consolidated statement of financial position reports the institution's financial position at a specific point in time (the end of the reporting period). This statement covers all assets, net assets and liabilities at the end of the financial year.
Current assets	Current assets consist of inventories; external short-term loans, deposits and investments; debtors; prepaid expenses; and petty cash and bank.
Current expenditure	Current expenditure refers to transactions that decrease the net worth of the institution, including interest paid, compensation of employees, grants and subsidies paid, and depreciation, but excluding the consumption of fixed capital. It consists of the total expenditure of rates and general services (excluding the surplus), and the total expenditure of housing and trading services (excluding the surplus).
Current liabilities	Current liabilities consist of external short-term loans and deposits, unspent conditional grants, current provisions, short-term leases. Value added tax, bank overdraft and creditors.
Current provision	Current provision is a liability or an obligation of uncertain timing or amount for an entity, payable within twelve months.
District municipality	District municipality refers to a municipality that has a municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category C municipality, refer to the Local Government: Municipal Structures (Act No,117 of 1998).

Donation and Public contribution Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/deficit to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/deficit.

Employee related cost

Compensation of employees includes payment to full-time and part-time employees irrespective of whether the remuneration is paid out of revenue, capital or any other account.

Compensation of employees also includes:

- basic compensation;
- allowances;
- contribution to other benefit funds of employees such as medical aid, pension fund contributions, group life, etc, (excluding unemployment insurance and workmen's compensation, etc., which contributions may be looked upon as a form of insurance and would appear under general expenditure) and other benefits such as housing subsidy, etc.; and
- uniform clothing and allowances (clothing, boots, overalls, etc, supplied to uniformed employees).

General expenditure

The following are included in general expenditure: accommodation, travelling and subsistence; advertising; bank charges; bad debts (see below) cleaning services; consultancy fees; fuel and oil; hiring of plant and equipment; insurance cost; membership fees; pharmaceutical; postage and stamps; printing and stationery; security fees; rental of land, buildings and other structures; rental of office equipment; telecommunication services; training and education; and transport.

When debtors are uncollectable it is written off and regarded as an expense and is recorded as bad debts. In some instances, the bad debts recovered (receipt of an amount, partially or in full, previously written off as uncollectable) are included in other income.

Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/ deficit to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/deficit.

Housing and trading services

Trading services are services for which the tariffs are determined in such a way that the provision of the service should yield a trading profit (market-related goods and services). Trading services include abattoirs, electricity and gas, markets, passenger transport, water and other trading services (forestry, agriculture, airports, mineral baths, stone crushing and sand supply services).

Housing development funds	The housing development fund was established in terms of the Housing Act, (Act No. 107 of 1997), Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a housing development fund, Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the housing development fund, In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the housing development fund, Monies outstanding to the credit of the housing development fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.
Local municipality	Local municipality refers to municipalities that share municipal executive and legislative authority in its area with a district municipality within whose area it falls, that is described in section 155(1) of the Constitution as a category B municipality.
Long-term loans	Long-term loans are loans with an outstanding maturity of more than one year.
Marketable loan stock	Marketable loan stock refers to stocks, debentures and similar debt instruments that are freely negotiable, i.e. securities for which transfer registers are kept and which are usually listed on the stock exchange. Discounts originating with the issue of stocks below par are included in the stock liability.
Metropolitan municipality	Metropolitan municipality means an institution that has municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category A municipality. Refer to the Local Government: Municipal Structures Act No.117 of 1998.)
Money market instruments	Money market instruments include bankers' acceptance, trade bills, and promissory notes, capital project bills, bridging debentures, negotiable certificates of deposit, Land Bank bills, Land Bank and the South African Reserve Bank's debentures.
Municipality	Municipality is a generic term describing the 'unit' of government in the local spheres responsible for local government in a geographically demarcated area and includes district, local and metropolitan municipalities. A municipality is an institution consisting of a municipal council (elected political representatives) and the municipal administration (appointed officials).
Net carrying value	Net carrying value (also known as the book value or carrying value) is the value of an asset according to its balance sheet account, which is the original acquisition cost less accumulated depreciation, amortisation or impairment costs made against the asset.
Other expenditure	The following are included in other expenditure: administration charges/fees; audit fees; books and magazines; consumables; legal fees; licences and trade licences; professional fees; refreshments; and sundries.
Property, plant and equipment	Property, plant and equipment are tangible assets which are not easily convertible into cash, and held by entities for their own use or for rental to others that the entities anticipate using during more than one period.

Provision	<p>Provision is any amount set aside for the purpose of meeting the following:</p> <ul style="list-style-type: none">• specific requirements where the amounts thereof can be closely estimated; and• specific commitments and contingencies as at the date of the balance sheet, where the amounts involved cannot be determined with significant accuracy. <p>Provision includes:</p> <ul style="list-style-type: none">• bad debts; and• leave payouts.
Rates and general services	<p>Rates and general services include ambulance, fire control (or fire fighting), health (clinics, old-age homes), roads and storm-water, parks and recreation (libraries, cultural activities, museums, sport administration, community halls, swimming pools, sports grounds, nature reserves, etc.), sewerage and cleansing, traffic (licensing offices) and other services (city engineers, administration, personnel, legal services, city treasurer, etc.). These services are not economically self-supporting and are financed by imposing assessment rates, other rates, the receipt of subsidies and other contributions.</p>
Repairs and maintenance	<p>Repairs and maintenance include all expenditure on repairs and maintenance of the various assets of the department, Where considered necessary, the cost of repairs in respect of the various types of assets, e.g. buildings, plant, may be subdivided. Where repairs and maintenance have been charged to a 'provision for repairs account', the actual expenditure incurred during the current year has been reflected under this sub-division and the amount chargeable to the 'provision for repairs' is reflected as a deduction from the actual cost. Any balance of expenditure still remaining is treated as a charge against the current year.</p>
Reserve	<p>Reserve denotes amounts set aside out of surpluses that are not designed to meet any liability, contingency, commitment or diminution in the value of assets known to exist as at the date of the balance sheet.</p>
Revaluation reserve	<p>The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on devalued amounts, are credited or charged to the Statement of Financial Performance.</p>
Self-insurance reserve	<p>The municipality has a self-insurance reserve amount set aside to offset potential losses or claims that cannot be insured externally (adapt to specific circumstances). The balance of the self-insurance reserve is determined based on 5% of the insurance risk carried by the municipality.</p>

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