

# Statistical release

## P9110

# Quarterly financial statistics of municipalities

**December 2010**

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**Key findings**

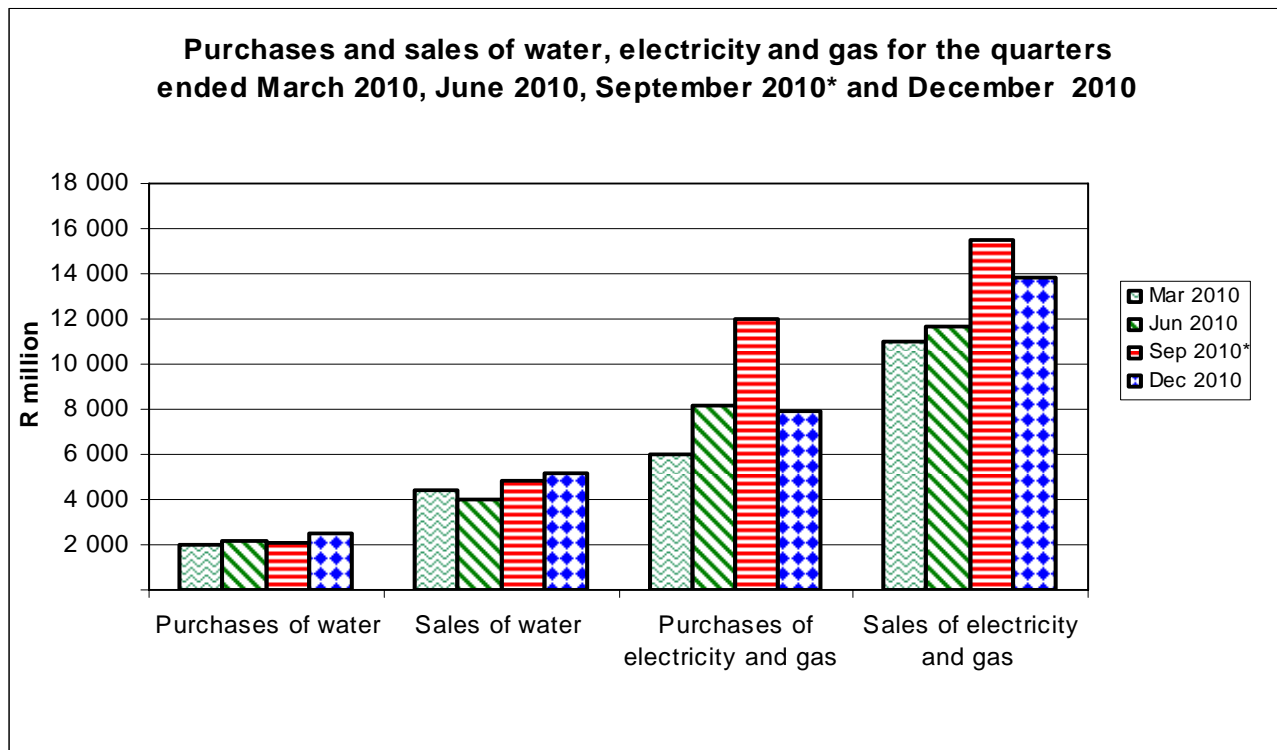
| Item   | March 2010 | June 2010 | September 2010* | December 2010 | Difference between quarters ended Sep. 2010 and Dec. 2010 | % change between quarters ended Sep. 2010 and Dec. 2010 |
|--|------------|-----------|-----------------|---------------|---|---|
|  | R million  |           |                 |               |   |   |
| Purchases of water                                 | 1 975      | 2 146     | 2 073           | 2 465         | 392   | 18,9  |
| Sales of water                                     | 4 383      | 4 024     | 4 868           | 5 199         | 331   | 6,8   |
| Purchases of electricity and gas                   | 5 959      | 8 199     | 12 028          | 7 910         | -4 118  | -34,2   |
| Sales of electricity and gas                       | 10 965     | 11 678    | 15 489          | 13 800        | -1 689  | -10,9   |
| Property, plant and equipment (Net carrying value) | 212 983    | 237 284   | 250 734         | 251 243       | 509   | 0,2   |

\* Revised

Purchases of water increased by 18,9% between the quarters ended September 2010 and December 2010. Purchases of electricity and gas decreased by 34,2% over the same period.

Sales of electricity and gas decreased by 10,9% between the quarters ended September 2010 and December 2010. An increase of 6,8% was recorded in the sales of water over the same period.

Property, plant and equipment increased by 0,2% between the quarters ended September 2010 and December 2010.



\*Revised

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

**Part 1 – Consolidated statement of financial position of municipalities as at the end of March 2010, June 2010, September 2010 and December 2010 quarters**

| Net assets and liabilities   | March 2010 | June 2010 | September 2010* | December 2010 | Difference between quarters ended Sep. 2010 and Dec. 2010 |
|--|------------|-----------|-----------------|---------------|---|
|  | R million  |           |                 |               |   |
| Housing development fund   | 1 882      | 1 872     | 1 785           | 1 781         | -4  |
| Capital replacement reserve  | 18 661     | 17 744    | 18 519          | 18 427        | -92   |
| Capitalisation reserve   | 7 393      | 6 590     | 7 346           | 7 254         | -92   |
| Government grant reserve   | 22 915     | 21 164    | 23 132          | 23 112        | -20   |
| Donations and public contributions reserve   | 2 781      | 3 010     | 3 186           | 3 184         | -2  |
| Self-insurance reserve   | 1 111      | 1 062     | 1 137           | 1 137         | 0   |
| Revaluation reserve  | 14 415     | 14 511    | 10 019          | 10 419        | 400   |
| COID <sup>1</sup> reserve  | 260        | 291       | 1 499           | 1 499         | 0   |
| Pre-GAMAP reserves and funds   | 2 234      | 2 177     | 2 567           | 2 567         | 0   |
| Retained surplus/Accumulated deficit   | 123 225    | 146 700   | 160 142         | 160 956       | 814   |
| Outside shareholders' interest   | 0          | 0         | 0               | 0             | 0   |
| <b>Non-current liabilities</b>   |            |           |                 |               |   |
| <b>Marketable loan stock and bonds</b>   |            |           |                 |               |   |
| <b>Domestic loan stock held by:</b>  |            |           |                 |               |   |
| Other local government institutions  | 15         | 155       | 152             | 152           | 0   |
| Public financial corporations  | 116        | 100       | 100             | 100           | 0   |
| Public non-financial corporations  | 0          | 0         | 518             | 518           | 0   |
| Private companies  | 0          | 0         | 0               | 0             | 0   |
| Other  | 6 486      | 6 599     | 5 917           | 5 832         | -85   |
| <b>Bonds held by:</b>  |            |           |                 |               |   |
| 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  | 9 689      | 6 647     | 6 678           | 6 678         | 0   |
| Government housing loans to public welfare organisations and individuals sponsored by the respondent | 0          | 0         | 0               | 0             | 0   |
| <b>Long-term loans received from:</b>  |            |           |                 |               |   |
| National government  | 0          | 0         | 0               | 0             | 0   |
| Provincial government  | 1          | 1         | 0               | 0             | 0   |
| Local government institutions  | 38         | 23        | 28              | 28            | 0   |
| Development Bank of Southern Africa (DBSA)   | 10 968     | 12 323    | 8 342           | 8 610         | 268   |
| Local authorities loans fund   | 1          | 1         | 1               | 1             | 0   |
| Public financial corporations  | 207        | 335       | 187             | 187           | 0   |
| Public non-financial corporations  | 1          | 1         | 1               | 1             | 0   |
| Banks  | 8 234      | 9 648     | 18 198          | 18 157        | -41   |

\* Revised

**Part 1 – Consolidated statement of financial position of municipalities as at the end of March 2010, June 2010, September 2010 and December 2010 quarters (continued)**

| Net assets and liabilities                            | March 2010     | June 2010      | September 2010* | December 2010  | Difference between quarters ended Sep. 2010 and Dec. 2010 |
|---|----------------|----------------|-----------------|----------------|---|
|   | R million      |                |                 |                |   |
| Insurers  | 2              | 2              | 2               | 2              | 0   |
| Pension funds   | 2              | 95             | 106             | 106            | 0   |
| Public Investment Corporation (PIC)                   | 338            | 338            | 338             | 338            | 0   |
| Private companies                                     | 0              | 0              | 9               | 9              | 0   |
| Other domestic sources (including INCA <sup>2</sup> ) | 2 873          | 4 096          | 5 450           | 5 428          | -22   |
| Long-term leases                                      | 307            | 323            | 389             | 387            | -2  |
| Non-current provisions                                | 7 916          | 10 845         | 9 720           | 9 802          | 82  |
| <b>Current liabilities</b>                            |                |                |                 |                |   |
| <b>External short-term loans and deposits from:</b>   |                |                |                 |                |   |
| Local government institutions                         | 1              | 1              | 1               | 1              | 0   |
| Development Bank of Southern Africa (DBSA)            | 504            | 619            | 283             | 287            | 4   |
| Local authorities loans fund                          | 3              | 3              | 3               | 3              | 0   |
| Public financial corporations                         | 0              | 0              | 0               | 0              | 0   |
| Public non-financial corporations                     | 0              | 0              | 0               | 0              | 0   |
| Banks   | 185            | 545            | 412             | 414            | 2   |
| Insurers  | 0              | 0              | 0               | 0              | 0   |
| Pension funds   | 0              | 2              | 2               | 2              | 0   |
| Public Investment Corporation (PIC)                   | 20             | 21             | 21              | 21             | 0   |
| Private companies                                     | 1              | 1              | 1               | 1              | 0   |
| Other domestic sources (including INCA <sup>2</sup> ) | 87             | 213            | 191             | 194            | 3   |
| Unspent conditional grants                            | 11 146         | 8 443          | 9 070           | 9 184          | 114   |
| Current provisions                                    | 6 072          | 5 813          | 6 136           | 6 396          | 260   |
| Short-term leases                                     | 215            | 238            | 202             | 205            | 3   |
| VAT <sup>3</sup> payable                              | 2 470          | 1 587          | 1 970           | 2 071          | 101   |
| Bank overdraft  | 1 652          | 1 674          | 2 632           | 2 119          | -513  |
| <b>Creditors:</b>                                     |                |                |                 |                |   |
| Trade creditors                                       | 16 942         | 18 349         | 17 717          | 17 481         | -236  |
| Consumer deposits                                     | 2 977          | 3 061          | 3 133           | 3 175          | 42  |
| Income received in advanced                           | 2 196          | 2 075          | 497             | 443            | -54   |
| Other creditors                                       | 8 117          | 6 085          | 9 845           | 9 945          | 100   |
| Liabilities not reflected elsewhere <sup>4</sup>      | 3 083          | 3 164          | 4 499           | 4 690          | 191   |
| <b>Total net assets and liabilities</b>               | <b>297 742</b> | <b>318 547</b> | <b>342 083</b>  | <b>343 304</b> | <b>1 221</b>  |

<sup>1</sup> COID: Compensation Commissioner for Occupational Injuries and Diseases

<sup>2</sup> INCA: Infrastructure Finance Corporation Ltd

<sup>3</sup> Valued Added Tax

<sup>4</sup> Includes suspense accounts and liabilities not shown separately.

\* Revised

**Part 1 – Consolidated statement of financial position of municipalities as at the end of March 2010, June 2010, September 2010 and December 2010 quarters (continued)**

| Assets  | March 2010 | June 2010 | September 2010* | December 2010 | Difference between quarters ended Sep. 2010 and Dec. 2010 |
|---|------------|-----------|-----------------|---------------|---|
|   | R million  |           |                 |               |   |
| Property, plant and equipment (net carrying value)  | 212 983    | 237 284   | 250 734         | 251 243       | 509   |
| Investment property   | 6 055      | 6 946     | 7 197           | 7 148         | -49   |
| Intangible assets   | 1 326      | 2 061     | 1 761           | 1 761         | 0   |
| Biological (cultivated) assets  | 58         | 49        | 48              | 48            | 0   |
| <b>Investments in marketable securities:</b>  |            |           |                 |               |   |
| Municipal stock/shares  | 3 825      | 2 302     | 2 410           | 2 418         | 8   |
| <b>Other marketable stock/shares:</b>   |            |           |                 |               |   |
| Government stock  | 1          | 1         | 1               | 1             | 0   |
| Treasury bills  | 0          | 0         | 0               | 0             | 0   |
| Other local government institutions   | 39         | 39        | 39              | 39            | 0   |
| Public financial corporations stock   | 0          | 2         | 2               | 2             | 0   |
| Public non-financial corporations stock   | 0          | 0         | 0               | 0             | 0   |
| Other companies   | 372        | 1 126     | 1 090           | 1 118         | 28  |
| Investments in non-marketable instruments of spheres of government, government institutions and elsewhere | 0          | 0         | 0               | 0             | 0   |
| <b>Long-term receivables:</b>   |            |           |                 |               |   |
| Loans to controlled municipal entities  | 23         | 23        | 743             | 740           | -3  |
| Car loans   | 7          | 6         | 5               | 5             | 0   |
| Housing selling scheme loans  | 515        | 520       | 335             | 328           | -7  |
| Sewerage connection loans   | 12         | 12        | 12              | 12            | 0   |
| Electricity appliance purchase scheme   | 0          | 0         | 0               | 0             | 0   |
| Other   | 2 250      | 2 147     | 2 508           | 2 471         | -37   |
| Sponsored government housing loans to public welfare, organisations and individuals                       | 1          | 1         | 0               | 0             | 0   |
| <b>External long-term loans, deposits and investments</b>   |            |           |                 |               |   |
| <b>Long-term loans to:</b>  |            |           |                 |               |   |
| Other local government institutions   | 1          | 1         | 1               | 1             | 0   |
| Public financial corporations   | 31         | 30        | 29              | 28            | -1  |
| Public non-financial corporations   | 0          | 0         | 0               | 0             | 0   |
| Other companies   | 0          | 0         | 0               | 0             | 0   |
| Individuals   | 36         | 36        | 36              | 36            | 0   |
| Other   | 38         | 37        | 35              | 35            | 0   |
| <b>Long-term deposits and other investments with:</b>   |            |           |                 |               |   |
| Public Investment Corporation (PIC)   | 32         | 33        | 32              | 32            | 0   |
| Banks   | 6 308      | 3 443     | 2 506           | 2 523         | 17  |
| Public financial corporations   | 1          | 1         | 1               | 1             | 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 2010, June 2010, September 2010 and December 2010 quarters (concluded)**

| Assets   | March 2010     | June 2010      | September 2010* | December 2010  | Difference between quarters ended Sep. 2010 and Dec. 2010 |
|--|----------------|----------------|-----------------|----------------|---|
|  | R million      |                |                 |                |   |
| Other  | 701            | 470            | 453             | 450            | -3  |
| <b>Current assets:</b>                                     |                |                |                 |                |   |
| Inventory  | 2 580          | 2 730          | 2 933           | 3 021          | 88  |
| <b>External short-term loans, deposits and investments</b> |                |                |                 |                |   |
| <b>Short-term loans to:</b>                                |                |                |                 |                |   |
| Other local government institutions                        | 1              | 1              | 1               | 1              | 0   |
| Public financial corporations                              | 181            | 264            | 264             | 264            | 0   |
| Public non-financial corporations                          | 0              | 0              | 0               | 0              | 0   |
| Other companies  | 0              | 0              | 0               | 0              | 0   |
| Individuals  | 2              | 1              | 1               | 1              | 0   |
| Other  | 5 060          | 4 392          | 3 944           | 4 164          | 220   |
| <b>Short-term deposits and other investments with:</b>     |                |                |                 |                |   |
| Public Investment Corporation (PIC)                        | 215            | 215            | 215             | 215            | 0   |
| Banks  | 13 552         | 10 428         | 19 241          | 18 883         | -358  |
| Public financial corporations                              | 1              | 8              | 8               | 8              | 0   |
| Public non-financial corporations                          | 0              | 0              | 0               | 0              | 0   |
| Other  | 1 144          | 1 539          | 1 449           | 1 469          | 20  |
| <b>Debtors:</b>  |                |                |                 |                |   |
| Consumer debtors   | 22 388         | 24 616         | 26 130          | 26 444         | 314   |
| Other debtors  | 6 576          | 7 960          | 7 653           | 7 387          | -266  |
| VAT <sup>1</sup> receivable                                | 2 254          | 1 585          | 1 543           | 1 488          | -55   |
| Prepaid expenses   | 41             | 51             | 28              | 29             | 1   |
| Petty cash and bank  | 8 107          | 7 016          | 7 385           | 8 004          | 619   |
| Assets not reflected elsewhere <sup>2</sup>                | 1 025          | 1 171          | 1 310           | 1 486          | 176   |
| <b>Total assets</b>  | <b>297 742</b> | <b>318 547</b> | <b>342 083</b>  | <b>343 304</b> | <b>1 221</b>  |

<sup>1</sup> Valued Added Tax

<sup>2</sup> Includes suspense accounts and assets not shown separately.

\* Revised

**Part 2 – Consolidated statement of financial performance of municipalities for rates and general services for the quarters ended March 2010, June 2010, September 2010 and December 2010: Expenditure**

| Expenditure   | March 2010    | June 2010     | September 2010* | December 2010 | Difference between quarters ended Sep. 2010 and Dec. 2010 |
|---|---------------|---------------|-----------------|---------------|---|
|   | R million     |               |                 |               |   |
| Employee related costs                                | 6 660         | 7 040         | 7 305           | 8 338         | 1 033   |
| Remuneration of board of directors/councillors        | 516           | 502           | 497             | 524           | 27  |
| Property rates paid                                   | 228           | 209           | 268             | 162           | -106  |
| Interest paid   | 527           | 912           | 481             | 960           | 479   |
| Loss on the disposal of property, plant and equipment | 4             | 8             | 0               | 6             | 6   |
| Bad debts   | 462           | 441           | 498             | 476           | -22   |
| Contracted services                                   | 564           | 848           | 629             | 623           | -6  |
| Collection costs                                      | 86            | 114           | 69              | 96            | 27  |
| Depreciation and amortisation                         | 797           | 969           | 745             | 753           | 8   |
| Impairment loss                                       | 0             | 189           | 0               | 0             | 0   |
| Repairs and maintenance                               | 453           | 572           | 365             | 392           | 27  |
| <b>Grants and subsidies paid to:</b>                  |               |               |                 |               |   |
| Other local government institutions                   | 721           | 849           | 74              | 109           | 35  |
| Tertiary institutions of higher learning              | 0             | 0             | 0               | 0             | 0   |
| Other   | 145           | 178           | 186             | 245           | 59  |
| <b>General expenditure:</b>                           |               |               |                 |               |   |
| Accommodation, travelling and subsistence             | 76            | 83            | 81              | 99            | 18  |
| Advertising   | 31            | 41            | 29              | 29            | 0   |
| Audit Fees  | 104           | 83            | 67              | 162           | 95  |
| Bank charges  | 43            | 55            | 37              | 42            | 5   |
| Cleaning services                                     | 17            | 19            | 15              | 22            | 7   |
| Consultancy fees                                      | 158           | 206           | 119             | 168           | 49  |
| Entertainment costs                                   | 18            | 18            | 17              | 17            | 0   |
| Fuel and oil  | 101           | 124           | 86              | 98            | 12  |
| Hiring of plant and equipment                         | 52            | 52            | 39              | 45            | 6   |
| Insurance costs                                       | 54            | 157           | 226             | 116           | -110  |
| Membership fees                                       | 19            | 24            | 48              | 36            | -12   |
| Pharmaceutical  | 11            | 12            | 16              | 25            | 9   |
| Postage and stamps                                    | 48            | 49            | 43              | 48            | 5   |
| Printing and stationery                               | 86            | 94            | 79              | 81            | 2   |
| Rental of land, buildings and other structures        | 97            | 111           | 119             | 102           | -17   |
| Rental of office equipment                            | 43            | 54            | 37              | 51            | 14  |
| Security fees   | 210           | 236           | 205             | 202           | -3  |
| Telecommunication services                            | 169           | 170           | 129             | 155           | 26  |
| Training and education                                | 61            | 66            | 60              | 74            | 14  |
| Transport costs                                       | 29            | 39            | 23              | 30            | 7   |
| Other expenditure                                     | 2 982         | 3 738         | 3 354           | 3 734         | 380   |
| <b>Surplus</b>  | <b>8 991</b>  | <b>5 090</b>  | <b>14 868</b>   | <b>11 209</b> | <b>-3 659</b>   |
| <b>Total expenditure</b>                              | <b>24 563</b> | <b>23 352</b> | <b>30 814</b>   | <b>29 229</b> | <b>-1 585</b>   |

\* Revised



**Part 2 – Consolidated statement of financial performance of municipalities for rates and general services for the quarters ended March 2010, June 2010, September 2010 and December 2010: Income**

| Income   | March 2010    | June 2010     | September 2010* | December 2010 | Difference between quarters ended Sep. 2010 and Dec. 2010 |
|--|---------------|---------------|-----------------|---------------|---|
|  | R million     |               |                 |               |   |
| <b>Taxes on property</b>   |               |               |                 |               |   |
| <b>Property rates from:</b>  |               |               |                 |               |   |
| National government  | 13            | 13            | 22              | 21            | -1  |
| Provincial government  | 14            | 14            | 23              | 18            | -5  |
| Local government institutions  | 1             | 1             | 1               | 1             | 0   |
| Public corporations  | 13            | 8             | 8               | 5             | -3  |
| <b>Property rates and other:</b>   |               |               |                 |               |   |
| Rates from individuals and private companies                                 | 6 631         | 5 969         | 8 355           | 8 392         | 37  |
| Property rates – penalties imposed and collection charges                    | 82            | 104           | 136             | 155           | 19  |
| <b>Interest earned from:</b>   |               |               |                 |               |   |
| External investments   | 449           | 501           | 349             | 324           | -25   |
| Outstanding debtors  | 358           | 439           | 339             | 351           | 12  |
| Dividends received   | 0             | 0             | 0               | 0             | 0   |
| Fines  | 247           | 388           | 252             | 284           | 32  |
| Licences and permits   | 103           | 119           | 122             | 117           | -5  |
| Income for agency services   | 234           | 211           | 206             | 228           | 22  |
| Rental of facilities and equipment   | 131           | 116           | 127             | 121           | -6  |
| Bad debts recovered  | 0             | 0             | 0               | 0             | 0   |
| Public contributions and donations (including property, plant and equipment) | 6             | 8             | 4               | 3             | -1  |
| Gains on the disposal of property, plant and equipment                       | 20            | 61            | 14              | 22            | 8   |
| <b>Subsidies from:</b>   |               |               |                 |               |   |
| National government  | 24            | 22            | 65              | 46            | -19   |
| Provincial government  | 50            | 79            | 63              | 49            | -14   |
| Local government   | 0             | 0             | 0               | 0             | 0   |
| Other  | 191           | 144           | 37              | 57            | 20  |
| <b>Grants from (including equitable share):</b>                              |               |               |                 |               |   |
| National government  | 7 512         | 6 486         | 12 165          | 10 491        | -1 674  |
| Provincial government  | 155           | 241           | 234             | 253           | 19  |
| Local government   | 5             | 6             | 3               | 4             | 1   |
| Other  | 183           | 173           | 92              | 121           | 29  |
| Spent conditional grants   | 27            | 19            | 19              | 32            | 13  |
| Other income   | 3 458         | 2 885         | 2 487           | 2 266         | -221  |
| <b>Deficit</b>   | <b>4 656</b>  | <b>5 345</b>  | <b>5 691</b>    | <b>5 868</b>  | <b>177</b>  |
| <b>Total income</b>  | <b>24 563</b> | <b>23 352</b> | <b>30 814</b>   | <b>29 229</b> | <b>-1 585</b>   |

\* Revised

**Part 3 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended March 2010, June 2010, September 2010 and December 2010: Expenditure**

| Expenditure                                       | March 2010    | June 2010     | September 2010* | December 2010 | Difference between quarters ended Sep. 2010 and Dec. 2010 |
|---|---------------|---------------|-----------------|---------------|---|
|   | R million     |               |                 |               |   |
| Employee related costs                            | 4 102         | 3 994         | 4 317           | 4 941         | 624   |
| Property rates paid                               | 5             | 6             | 12              | 3             | -9  |
| Interest paid                                     | 568           | 670           | 263             | 678           | 415   |
| Loss on disposal of property, plant and equipment | 8             | 8             | 0               | 0             | 0   |
| Bad debts   | 772           | 1 020         | 803             | 893           | 90  |
| Contracted services                               | 832           | 1 203         | 820             | 1 172         | 352   |
| Collection costs                                  | 19            | 27            | 19              | 26            | 7   |
| Depreciation and amortisation                     | 2 012         | 2 228         | 1 313           | 1 619         | 306   |
| Impairment loss                                   | 0             | 4             | 0               | 0             | 0   |
| Repairs and maintenance                           | 1 734         | 2 389         | 1 538           | 2 004         | 466   |
| Purchases of electricity and gas                  | 5 959         | 8 199         | 12 028          | 7 910         | -4 118  |
| Purchases of water                                | 1 975         | 2 146         | 2 073           | 2 465         | 392   |
| <b>Grants and subsidies paid to:</b>              |               |               |                 |               |   |
| Other local government institutions               | 0             | 0             | 5               | 8             | 3   |
| Tertiary institutions of higher learning          | 0             | 0             | 0               | 0             | 0   |
| Other   | 276           | 234           | 188             | 201           | 13  |
| <b>General expenditure:</b>                       |               |               |                 |               |   |
| Accommodation, travelling and subsistence         | 17            | 12            | 12              | 17            | 5   |
| Advertising                                       | 5             | 6             | 2               | 4             | 2   |
| Audit fees  | 7             | 7             | 3               | 10            | 7   |
| Bank charges                                      | 3             | 3             | 1               | 1             | 0   |
| Cleaning services                                 | 10            | 10            | 9               | 10            | 1   |
| Consultancy fees                                  | 41            | 52            | 27              | 44            | 17  |
| Entertainment costs                               | 0             | 0             | 1               | 1             | 0   |
| Fuel and oil                                      | 145           | 161           | 122             | 127           | 5   |
| Hiring of plant and equipment                     | 81            | 105           | 71              | 113           | 42  |
| Insurance costs                                   | 32            | 28            | 22              | 16            | -6  |
| Membership fees                                   | 0             | 0             | 1               | 1             | 0   |
| Pharmaceutical                                    | 2             | 2             | 1               | 3             | 2   |
| Postage and courier services                      | 2             | 2             | 1               | 3             | 2   |
| Printing and stationery                           | 13            | 17            | 15              | 14            | -1  |
| Rental of land, buildings and other structures    | 12            | 12            | 14              | 21            | 7   |
| Rental of office equipment                        | 13            | 19            | 13              | 26            | 13  |
| Security services                                 | 59            | 69            | 54              | 49            | -5  |
| Telecommunication services                        | 23            | 30            | 19              | 20            | 1   |
| Training and education                            | 9             | 15            | 8               | 13            | 5   |
| Transport costs                                   | 42            | 35            | 23              | 35            | 12  |
| Other expenditure                                 | 3 150         | 4 502         | 2 804           | 3 596         | 792   |
| <b>Surplus</b>                                    | <b>3 311</b>  | <b>1 040</b>  | <b>4 337</b>    | <b>4 067</b>  | <b>-270</b>   |
| <b>Total expenditure</b>                          | <b>25 239</b> | <b>28 255</b> | <b>30 939</b>   | <b>30 111</b> | <b>-828</b>   |

\* Revised

**Part 3 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended March 2010, June 2010, September 2010 and December 2010: Income**

| Income   | March 2010    | June 2010     | September 2010* | December 2010 | Difference between quarters ended Sep. 2010 and Dec. 2010 |
|--|---------------|---------------|-----------------|---------------|---|
|  | R million     |               |                 |               |   |
| <b>Interest earned from:</b>   |               |               |                 |               |   |
| External investments   | 23            | 28            | 19              | 21            | 2   |
| Outstanding debtors  | 213           | 207           | 203             | 194           | -9  |
| Dividends received   | 0             | 0             | 0               | 0             | 0   |
| Fines  | 10            | 10            | 10              | 11            | 1   |
| Licences and permits   | 57            | 54            | 44              | 42            | -2  |
| Income for agency services   | 93            | 105           | 109             | 136           | 27  |
| Rental of facilities and equipment   | 154           | 158           | 149             | 202           | 53  |
| Bad debts recovered  | 0             | 0             | 0               | 0             | 0   |
| Public contributions and donations (including property, plant and equipment) | 21            | 29            | 29              | 45            | 16  |
| Gains on the disposal of property, plant and equipment                       | 6             | 5             | 17              | 6             | -11   |
| Sales of electricity and gas   | 10 965        | 11 678        | 15 489          | 13 800        | -1 689  |
| Sales of water   | 4 383         | 4 024         | 4 868           | 5 199         | 331   |
| Refuse removal charges   | 1 023         | 1 036         | 1 120           | 1 159         | 39  |
| Sewerage and sanitation charges  | 1 018         | 945           | 1 121           | 1 180         | 59  |
| <b>Subsidies from:</b>   |               |               |                 |               |   |
| National government  | 139           | 99            | 34              | 61            | 27  |
| Provincial government  | 17            | 11            | 10              | 12            | 2   |
| Local government   | 2             | 1             | 0               | 0             | 0   |
| Other  | 2             | 19            | 2               | 3             | 1   |
| <b>Grants from (including equitable share):</b>                              |               |               |                 |               |   |
| National government  | 2 250         | 2 664         | 2 477           | 2 723         | 246   |
| Provincial government  | 195           | 239           | 98              | 110           | 12  |
| Local government   | 10            | 10            | 9               | 7             | -2  |
| Other  | 179           | 216           | 216             | 193           | -23   |
| Spent conditional grants   | 15            | 115           | 46              | 65            | 19  |
| Other income   | 1 081         | 1 616         | 969             | 1 035         | 66  |
| <b>Deficit</b>   | <b>3 383</b>  | <b>4 986</b>  | <b>3 900</b>    | <b>3 907</b>  | <b>7</b>  |
| <b>Total income</b>  | <b>25 239</b> | <b>28 255</b> | <b>30 939</b>   | <b>30 111</b> | <b>-828</b>   |

\* Revised

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## Notes

| <b>Forthcoming issue</b> | <b>Issue</b> | <b>Expected release date</b> |
|--------------------------|--------------|------------------------------|
|--------------------------|--------------|------------------------------|

|  |            |           |
|--|------------|-----------|
|  | March 2011 | June 2011 |
|--|------------|-----------|

**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 2010: | 83% |
| June quarter 2010:  | 85% |
| September 2010:     | 85% |
| December 2010:      | 83% |

**Reasons for fluctuation:**

- Change of accounting standards from IMFO to GRAP/GAMAP by low capacity municipalities.
- 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 local government finances.
- This publication contains estimates for the quarters ended March 2010, June 2010, September 2010 and December 2010. The survey is designed to obtain financial information of local government institutions relating to:
- the consolidated statement of financial position of municipalities;
  - the consolidated statement of financial performance of municipalities – rates and general services; and
  - the consolidated 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 General Accepted Municipal Accounting Practice (GAMAP) 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 current quarter are preliminary. Figures will be revised if respondents report revisions or corrections to their figures and also if the data was received late by Stats SA (after cut-off date).
- Rounding off figures**
- 7 The figures in the tables have been rounded to the nearest digit shown, and as a result 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

|  |  |
|--|--|
| <b>Capital Replacement Reserve (CRR)</b>               | 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.  |
| <b>Capitalisation Reserve</b>                          | <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> |
| <b>COID Reserve</b>                                    | This is money set aside for injuries, disablements, diseases and deaths caused by work related activities. It is usually transferred from accumulated surplus account.   |
| <b>Consolidated statement of financial performance</b> | The aggregate or consolidated statement of financial performance reports the institution's financial performance during a specific period in time. This statement covers all the revenue and expenditure of an entity over a specific period in time.  |
| <b>Consolidated statement of financial position</b>    | 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 reporting period.   |
| <b>Current assets</b>                                  | Current assets consist of inventories; external short-term loans, deposits and investments; debtors; prepaid expenses; and petty cash and bank.  |
| <b>Current expenditure</b>                             | 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 acquisition 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).   |
| <b>Current liabilities</b>                             | 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.   |
| <b>Current provision</b>                               | Current provision is a liability or an obligation of uncertain timing or amount for an entity, payable within twelve months.   |

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| <b>District municipality</b>                    | 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).  |
| <b>Donation and Public Contribution Reserve</b> | 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.   |
| <b>Employee related costs</b>                   | <p>Employees related costs includes payment to full-time and part-time employees irrespective of whether the remuneration is paid out of revenue, capital or any other account.</p> <p>Employee related costs also includes:</p> <ul style="list-style-type: none"><li>• basic compensation;</li><li>• allowances;</li><li>• 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</li><li>• uniform clothing and allowances (clothing, boots, overalls, etc. supplied to uniformed employees).</li></ul>                                       |
| <b>General expenditure</b>                      | <p>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 costs; membership fees; pharmaceutical expenses; 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 costs.</p> <p>When debtors are uncollectible, they are written off as expenses and are recorded as bad debts in the books of an institution. In some instances, the bad debts are recovered (receipt of an amount, partially or in full, previously written off as uncollectible) are recorded as income in an institution's books.</p> |
| <b>Government Grant Reserve</b>                 | 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.  |
| <b>Housing and trading services</b>             | 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).   |

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| <b>Housing Development Fund</b>      | 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. |
| <b>Local municipality</b>            | 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. Refer to the Local Government: Municipal Structures Act (Act No.117 of 1998).  |
| <b>Long-term loans</b>               | Long-term loans are loans with an outstanding maturity of more than one year.  |
| <b>Marketable loan stock</b>         | 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.  |
| <b>Metropolitan municipality</b>     | 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 (Act No.117 of 1998).  |
| <b>Money market instruments</b>      | 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.   |
| <b>Municipality</b>                  | 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).  |
| <b>Net carrying value</b>            | Net carrying value (also known as the book value or carrying value) is the value of an asset according to its balance sheet, which is the original acquisition cost less accumulated depreciation, amortisation or impairment costs made against the asset and disposals if any.   |
| <b>Other expenditure</b>             | The following are included in other expenditure: <ul style="list-style-type: none"><li>• administration charges/fees;</li><li>• books and magazines;</li><li>• consumables;</li><li>• legal fees;</li><li>• licences and trade licences;</li><li>• professional fees;</li><li>• refreshments; and</li><li>• sundries.</li></ul>  |
| <b>Property, plant and equipment</b> | Property, plant and equipment are tangible assets which are not easily convertible into cash, and held by entities for their own use and as income generators or for rental to others that the entities anticipate using during more than one period.  |

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|-----------------------------------|---|
| <b>Provision</b>                  | <p>Provision is any amount set aside for the purpose of meeting the following:</p> <ul style="list-style-type: none"><li>• specific requirements where the amounts thereof can be closely estimated; and</li><li>• specific commitments and contingencies as at the date of the balance sheet, where the amounts involved cannot be determined with significant accuracy.</li></ul> <p>Provision includes:</p> <ul style="list-style-type: none"><li>• bad debts; and</li><li>• leave payouts.</li></ul>  |
| <b>Rates and general services</b> | <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>                           |
| <b>Repairs and maintenance</b>    | <p>Repairs and maintenance include all expenditure on repairs and maintenance of the various assets of the municipality. 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> |
| <b>Reserve</b>                    | <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>   |
| <b>Revaluation Reserve</b>        | <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>  |
| <b>Self-insurance Reserve</b>     | <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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