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Statistical release

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Quarterly financial statistics of municipalities

December 2012

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Key findings

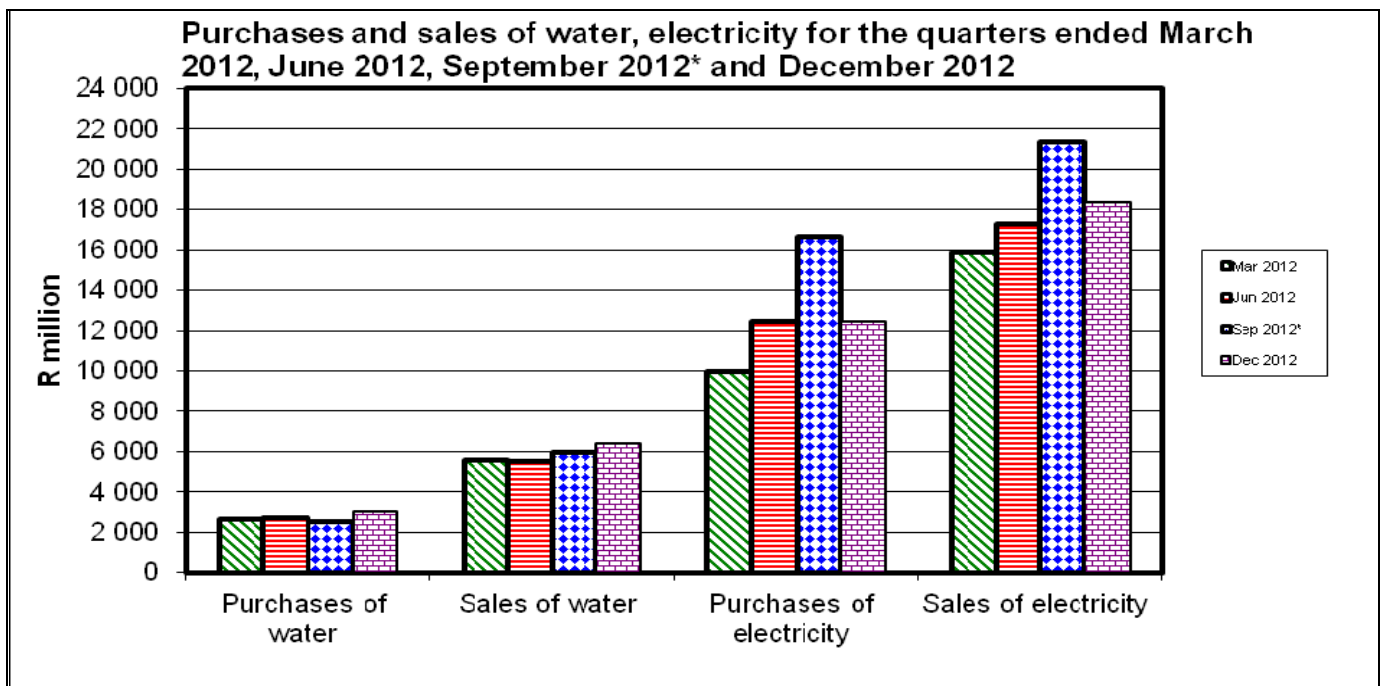
Item	March 2012	June 2012	September 2012*	December 2012	Difference between quarters ended Sep. 2012 and Dec. 2012	% change between quarters ended Sep. 2012 and Dec. 2012
	R million					
Purchases of water	2 627	2 675	2 521	3 011	490	19,4
Sales of water	5 528	5 478	5 936	6 378	442	7,4
Purchases of electricity	9 969	12 439	16 653	12 424	-4 229	-25,4
Sales of electricity	15 849	17 238	21 304	18 333	-2 971	-13,9
Property, plant and equipment (net carrying value)	323 568	352 034	351 936	354 002	2 066	0,6

* Revised

Purchases of water increased by 19,4% between the quarters ended September 2012 and December 2012. Purchases of electricity decreased by 25,4% over the same period.

Sales of electricity decreased by 13,9% between the quarters ended September 2012 and December 2012. An increase of 7,4% was recorded in the sales of water over the same period.

Property, plant and equipment increased by 0,6% between the quarters ended September 2012 and December 2012.



*Revised

PJ Lehohla
Statistician-General

Part 1 – Consolidated statement of financial position of municipalities as at the end of March 2012, June 2012, September 2012 and December 2012 quarters

Net assets and liabilities	March 2012	June 2012	September 2012*	December 2012	Difference between quarters ended Sep. 2012 and Dec. 2012
	R million				
Housing development fund	1 666	1 352	1 320	1 303	-17
Capital replacement reserve	16 608	15 175	16 573	17 146	573
Capitalisation reserve	10 078	9 725	2 229	2 407	178
Government grant reserve	18 318	11 293	6 198	6 210	12
Donations and public contributions reserve	3 378	1 045	737	745	8
Self-insurance reserve	1 018	289	263	266	3
Revaluation reserve	7 254	6 717	6 682	6 680	-2
COID ¹ reserve	321	277	147	147	0
Other reserves (including pre-GAMAP reserves and funds)	2 812	3 329	3 064	3 041	-23
Retained surplus/Accumulated deficit	231 437	266 301	282 126	287 743	5 617
Outside shareholders' interest	0	0	0	0	0
Non-current liabilities					
Marketable loan stock and bonds					
Domestic loan stock held by:					
Other local government institutions	0	0	0	0	0
Public financial corporations	0	34	34	34	0
Public non-financial corporations	0	0	0	0	0
Other	5 367	5 136	5 055	5 071	16
Bonds held by:					
Other local government institutions	0	0	0	0	0
Public financial corporations	7 470	6 751	6 751	6 751	0
Public non-financial corporations	0	0	0	0	0
Other	1 654	2 424	2 427	2 446	19
Long-term loans from:					
National government	-	-	0	0	0
Provincial government	-	-	0	0	0
Local government institutions	25	25	5	5	0
Development Bank of Southern Africa (DBSA)	9 652	9 928	9 882	9 771	-111
Local authorities loans fund	1	1	1	1	0
Public financial corporations	824	296	302	301	-1
Public non-financial corporations	0	0	0	0	0
Banks	15 999	17 517	17 980	17 517	-463

* Revised
 - Not reported separately previously

Part 1 – Consolidated statement of financial position of municipalities as at the end of March 2012, June 2012, September 2012 and December 2012 quarters (continued)

Net assets and liabilities	March 2012	June 2012	September 2012*	December 2012	Difference between quarters ended Sep. 2012 and Dec. 2012
	R million				
Insurers	2	2	0	0	0
Pension funds	142	141	125	117	-8
Other domestic sources (including INCA ²)	6 435	5 726	5 720	4 955	-765
Long-term leases	427	432	622	621	-1
Non-current provisions	10 092	9 189	13 705	11 266	-2 439
Retirement benefit obligations	6 501	9 908	10 638	10 773	135
Current liabilities					
Short-term loans from:					
National government	-	-	0	0	0
Provincial government	-	-	0	0	0
Local government institutions	1	0	16	16	0
Development Bank of Southern Africa (DBSA)	358	572	605	639	34
Local authorities loans fund	2	2	2	2	0
Public financial corporations	1	445	445	0	-445
Public non-financial corporations	0	0	0	0	0
Banks	1 223	1 214	1 174	1 125	-49
Insurers	1	1	1	1	0
Pension funds	3	2	2	2	0
Other domestic sources (including INCA ²)	1 113	1 124	1 152	1 785	633
Short-term leases	326	295	415	391	-24
Current provisions	7 699	7 468	7 379	7 509	130
Retirement benefit obligations	1 668	1 936	2 145	2 150	5
Unspent conditional grants	15 099	12 496	10 557	11 933	1 376
VAT ³ payable	2 814	2 212	2 474	2 429	-45
Bank overdraft	1 711	1 483	1 586	1 994	408
Creditors:					
Trade creditors	22 385	30 176	26 710	26 300	-410
Consumer deposits	3 805	4 062	3 851	4 199	348
Income received in advance	511	515	534	546	12
Other creditors	3 791	4 746	5 058	5 505	447
Liabilities not reflected elsewhere ⁴	6 859	9 288	4 901	4 703	-198
Total net assets and liabilities	426 851	461 050	461 593	466 546	4 953

¹ COID: Compensation Commissioner for Occupational Injuries and Diseases

² INCA: Infrastructure Finance Corporation Ltd

³ Value added tax

⁴ Includes suspense accounts and liabilities not shown separately.

* Revised

- Not reported separately previously

Part 1 – Consolidated statement of financial position of municipalities as at the end of March 2012, June 2012, September 2012 and December 2012 quarters (continued)

Assets	March 2012	June 2012	September 2012*	December 2012	Difference between quarters ended Sep. 2012 and Dec. 2012
R million					
Property, plant and equipment (net carrying value)	323 568	352 034	351 936	354 002	2 066
Investment property	9 066	13 474	13 356	13 668	312
Intangible assets	1 747	2 220	2 138	2 170	32
Biological (cultivated) assets	83	73	71	59	-12
Investments in marketable securities:					
Municipal stock/shares	3 223	3 178	1 034	1 081	47
Other marketable stock/shares:					
Government stock	0	0	0	0	0
Treasury bills	0	0	0	0	0
Other local government institutions' stock	39	39	39	39	0
Public financial corporations' stock	0	0	0	0	0
Public non-financial corporations' stock	0	0	0	0	0
Companies' shares	293	256	253	253	0
Investments in non-marketable instruments of spheres of government, government institutions and elsewhere	0	0	0	0	0
Long-term receivables, loans, deposits and investments:					
Car loans	1	1	1	1	0
Housing selling scheme loans	217	209	201	196	-5
Sewerage connection loans	6	0	0	0	0
Electricity appliance purchase scheme	6	0	0	0	0
Other (including local government institutions)	1 124	1 357	1 364	1 353	-11
Long-term loans to:					
Other local government institutions	0	0	0	0	0
Public financial corporations	34	34	34	34	0
Public non-financial corporations	0	0	0	0	0
Other companies/institutions	425	20	15	15	0
Long-term deposits and other investments with:					
Banks	1 956	4 913	5 276	5 363	87

* Revised

Part 1 – Consolidated statement of financial position of municipalities as at the end of March 2012, June 2012, September 2012 and December 2012 quarters (concluded)

Assets	March 2012	June 2012	September 2012*	December 2012	Difference between quarters ended Sep. 2012 and Dec. 2012
	R million				
Public financial corporations	35	32	26	25	-1
Public non-financial corporations	0	0	0	0	0
Other	5 485	2 250	2 253	2 401	148
Current assets:					
Inventory	4 199	4 114	3 798	3 816	18
Short-term loans, deposits and investments					
Short-term loans to:					
Other local government institutions	2	1	1	1	0
Public financial corporations	113	63	63	63	0
Public non-financial corporations	0	0	0	0	0
Other companies/institutions	2 450	948	49	49	0
Short-term deposits and other investments with:					
Banks	13 873	8 841	9 873	10 248	375
Public financial corporations	40	17	12	12	0
Public non-financial corporations	0	0	0	0	0
Other	1 302	6 017	11 039	11 207	168
Debtors:					
Consumer debtors	29 086	32 926	33 513	32 335	-1 178
Other debtors	9 399	8 354	8 942	9 934	992
VAT ¹ receivable	1 275	1 628	1 337	1 289	-48
Prepaid expenses	59	39	51	53	2
Petty cash and bank	16 980	17 205	14 127	16 185	2 058
Assets not reflected elsewhere ²	765	807	791	694	-97
Total assets	426 851	461 050	461 593	466 546	4 953

¹ Value added tax

² 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 2012, June 2012, September 2012 and December 2012: Expenditure

Expenditure	March 2012	June 2012	September 2012*	December 2012	Difference between quarters ended Sep. 2012 and Dec. 2012
R million					
Employee-related costs	8 264	8 272	8 631	9 772	1 141
Remuneration of board of directors/councillors	677	641	623	643	20
Interest paid	804	919	741	967	226
Loss on the disposal of property, plant and equipment	21	20	1	2	1
Bad debts	645	541	423	754	331
Contracted services	847	1 164	623	956	333
Collection costs	83	121	72	116	44
Depreciation and amortisation	1 100	1 512	1 011	1 226	215
Impairment loss (PPE)	33	24	59	19	-40
Repairs and maintenance	454	625	354	498	144
Grants and subsidies paid to:					
Other local government institutions	182	217	104	80	-24
Tertiary institutions of higher learning	12	25	0	0	0
Households or individuals	124	104	148	156	8
Non-profit institutions serving households	0	0	0	0	0
Other	1 005	1 147	967	978	11
General expenditure:					
Accommodation, travelling and subsistence	122	117	119	161	42
Advertising, promotions and marketing	51	80	57	84	27
Audit fees	149	126	95	229	134
Bank charges	49	69	48	60	12
Cleaning services	29	35	21	38	17
Consultancy and professional fees	172	287	152	252	100
Entertainment costs	22	22	20	29	9
Fuel and oil	158	180	115	164	49
Hiring of plant and equipment	68	98	61	68	7
Insurance costs	61	102	203	90	-113
Pharmaceutical	20	22	20	26	6
Postal and courier services	48	58	48	57	9
Printing and stationery	99	120	101	95	-6
Rebates for property rates	896	734	883	726	-157
Rental of land, buildings and other structures	112	150	110	116	6
Rental of office equipment	45	62	50	45	-5
Security fees	333	381	282	337	55
Subscriptions and membership fees	29	48	150	46	-104
Telecommunication services	181	200	154	188	34
Training and education	81	128	94	99	5
Transport costs	32	57	41	57	16
Other expenditure	3 278	4 096	3 216	4 027	811
Surplus	11 936	5 109	17 942	12 131	-5 811
Total expenditure	32 222	27 613	37 739	35 292	-2 447

* Revised

Part 2 – Consolidated statement of financial performance of municipalities for rates and general services for the quarters ended March 2012, June 2012, September 2012 and December 2012: Income

Income	March 2012	June 2012	September 2012*	December 2012	Difference between quarters ended Sep. 2012 and Dec. 2012
	R million				
Taxes on property					
Property rates from:					
Residential	5 726	5 827	7 151	6 351	-800
Commercial or business	680	521	669	662	-7
State	113	79	201	115	-86
Other (includes agricultural, municipal, etc.)	1 986	1 984	2 687	1 590	-1 097
Property rates – penalties imposed and collection charges	123	81	86	109	23
Interest earned from:					
External investments	485	1 038	464	1 228	764
Outstanding debtors	426	401	400	423	23
Dividends received	0	0	0	0	0
Fines	301	394	271	278	7
Licences and permits	155	170	129	127	-2
Income for agency services	173	247	172	206	34
Rental of facilities and equipment	200	214	173	180	7
Bad debts recovered	0	1	0	0	0
Public contributions and donations (including property, plant and equipment)	13	66	14	14	0
Gains on the disposal of property, plant and equipment	51	61	22	38	16
Subsidies from:					
National government	39	12	~	~	
Provincial government	22	75	~	~	
Local government	0	1	~	~	
Other	31	22	~	~	
Grants and subsidies from:					
National government	10 465	6 308	15 417	12 911	-2 506
Provincial government	217	66	129	187	58
Local government	9	5	10	7	-3
Other	128	177	63	110	47
Spent conditional grants	83	122	51	78	27
Other income	4 809	3 515	3 055	2 840	-215
Deficit	5 987	6 226	6 575	7 838	1 263
Total income	32 222	27 613	37 739	35 292	-2 447

* Revised

~This variable is now reported under Grants and subsidies.

Part 3 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended March 2012, June 2012, September 2012 and December 2012: Expenditure

Expenditure	March 2012	June 2012	September 2012*	December 2012	Difference between quarters ended Sep. 2012 and Dec. 2012
	R million				
Employee-related costs	4 970	4 889	4 997	5 847	850
Interest paid	545	718	548	498	-50
Loss on disposal of property, plant and equipment	6	18	1	2	1
Bad debts	1 042	1 507	1 161	1 131	-30
Contracted services	1 336	1 615	1 052	1 422	370
Collection costs	24	24	18	25	7
Depreciation and amortisation	1 904	2 427	1 901	2 014	113
Impairment loss (PPE)	14	5	92	19	-73
Repairs and maintenance	1 917	2 352	1 449	1 996	547
Bulk purchases:					
Purchases of water	2 627	2 675	2 521	3 011	490
Purchases of electricity	9 969	12 439	16 653	12 424	-4 229
Other bulk purchases	107	109	114	119	5
Grants and subsidies paid to:					
Other local government institutions	0	3	23	0	-23
Tertiary institutions of higher learning	0	0	0	0	0
Households or individuals	131	133	130	209	79
Non-profit institutions serving households	0	0	0	0	0
Other	379	343	245	344	99
General expenditure:					
Accommodation, travelling and subsistence	15	20	19	17	-2
Advertising, promotions and marketing	6	10	10	22	12
Audit fees	14	9	11	26	15
Bank charges	9	18	4	8	4
Cleaning services	17	26	16	14	-2
Consultancy and professional fees	134	156	52	74	22
Entertainment costs	1	2	1	2	1
Fuel and oil	199	279	189	232	43
Hiring of plant and equipment	158	178	82	118	36
Insurance costs	15	16	27	20	-7
Pharmaceutical	2	3	3	7	4
Postal and courier services	2	3	1	2	1
Printing and stationery	12	17	17	20	3
Rebates for services charges	169	129	167	209	42
Rental of land, buildings and other structures	21	21	33	31	-2
Rental of office equipment	43	59	4	11	7
Security services	78	81	71	81	10
Subscriptions and membership fees	1	1	5	2	-3
Telecommunication services	26	28	27	26	-1
Training and education	11	19	18	26	8
Transport costs	43	63	32	46	14
Other expenditure	3 641	4 438	2 937	3 752	815
Surplus	4 862	2 702	7 034	5 649	-1 385
Total expenditure	34 450	37 535	41 665	39 456	-2 209

* Revised

Part 3 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended March 2012, June 2012, September 2012 and December 2012: Income

Income	March 2012	June 2012	September 2012*	December 2012	Difference between quarters ended Sep. 2012 and Dec. 2012
	R million				
Interest earned from:					
External investments	27	34	39	35	-4
Outstanding debtors	229	281	253	268	15
Dividends received	0	0	0	0	0
Fines	16	10	15	15	0
Licences and permits	74	97	55	53	-2
Income for agency services	151	199	157	173	16
Rental of facilities and equipment	193	182	194	201	7
Bad debts recovered	0	0	0	0	0
Public contributions and donations (including property, plant and equipment)	28	283	91	71	-20
Gains on the disposal of property, plant and equipment	6	8	0	8	8
Services charges:					
Sales of water	5 528	5 478	5 936	6 378	442
Sales of electricity	15 849	17 238	21 304	18 333	-2 971
Refuse removal charges	1 413	1 282	1 526	1 491	-35
Sewerage and sanitation	1 862	1 533	1 761	1 550	-211
Other services charges (e.g. fresh produce market)	10	9	24	24	0
Subsidies from:					
National government	45	38	~	~	
Provincial government	24	23	~	~	
Local government	0	0	~	~	
Other	11	14	~	~	
Grants and subsidies from:					
National government	3 549	4 894	4 644	4 671	27
Provincial government	165	214	119	181	62
Local government	0	11	0	0	0
Other	39	39	78	135	57
Spent conditional grants	188	171	28	29	1
Other income	939	1 611	1 711	1 948	237
Deficit	4 104	3 886	3 730	3 892	162
Total income	34 450	37 535	41 665	39 456	-2 209

* Revised

~This variable is now reported under Grants and subsidies.

Notes

Forthcoming issue	Issue	Expected release date
	March 2013	June 2013
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 2012:	87%
	June quarter 2012:	88%
	September quarter 2012:	84%
	December quarter 2012:	85%
Reasons for fluctuation:	<ul style="list-style-type: none">• Change in accounting practices and standards adopted by the respondents.• Revisions due to late response and corrections reported by respondents.	

Explanatory notes

Introduction	<p>1 The purpose of the quarterly financial statistics survey of municipalities is to provide stakeholders with information for allowing analysis and assessment of the state of local government finances.</p> <p>This publication contains estimates for the quarters ended March 2012, June 2012, September 2012 and December 2012. The survey is designed to obtain financial information of local government institutions relating to:</p> <ul style="list-style-type: none"> • 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	<p>2 This survey covers quarterly financial information of all 278 municipalities.</p>												
Classification and accounting standards	<p>3 For the purposes of classification of local government institutions according to activities, Statistics South Africa (Stats SA) used the <i>Standard Industrial Classification of all Economic Activities, Fifth Edition, Report No.09-90-02 of January 1993 (SIC)</i>. 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).</p>												
Survey methodology and design	<p>4 The statistical unit for the collection of information is the municipality.</p>												
Imputation	<p>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.</p>												
Revised figures	<p>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).</p>												
Rounding off figures	<p>7 The figures in the tables have been rounded to the nearest rand million and as a result there may be slight discrepancies between the sums of the constituent items and the totals shown.</p>												
Related publications	<p>8 Users may wish to refer to the following Stats SA publications:</p> <ul style="list-style-type: none"> • <i>P9101 Capital expenditure of the public sector;</i> • <i>P9114 Financial census of municipalities;</i> • <i>P9119.4 Financial statistics of consolidated general government;</i> • <i>P0441 Gross domestic product; and</i> • <i>P0277 Quarterly employment statistics.</i> 												
Symbols and abbreviations used	<p>9</p> <table border="0"> <tr> <td style="padding-right: 10px;">GAMAP</td> <td>Generally Accepted Municipal Accounting Practice</td> </tr> <tr> <td>GRAP</td> <td>General Recognised Accounting Practice</td> </tr> <tr> <td>IMFO</td> <td>Institute of Municipal Finance Officers</td> </tr> <tr> <td>SIC</td> <td>Standard Industrial Classification</td> </tr> <tr> <td>Stats SA</td> <td>Statistics South Africa</td> </tr> <tr> <td>0</td> <td>nil or not applicable</td> </tr> </table>	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
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>
COID Reserve	This is money set aside for injuries, disablements, diseases and deaths caused by work related activities. It is usually transferred from accumulated surplus account.
Consolidated statement of financial performance	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.
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 reporting period.
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 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).
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 costs	<p>Employee-related costs include 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 include:</p> <ul style="list-style-type: none"> • 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; audit fees; bank charges; 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.
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	Housing includes all activities associated with the provision of housing. 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 waste management (refuse removal, solid waste disposal (landfill sites), street cleaning, recycling etc.), waste water management (sewerage, storm water management and public toilets), road transport (roads, public buses, parking garages, vehicle licensing and testing), water (water distribution, water storage), electricity (electricity distribution, electricity generation, street lighting.) and other trading services which includes environmental protection like pollution control, biodiversity & landscape and other like coastal protection etc., air transport, abattoirs, tourism, forestry, markets and licensing & regulation like licensing of food and liquor sales to the public and licensing of street traders (hawkers control) and business.

Housing Development Fund	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. Refer to the Local Government: Municipal Structures Act (Act No.117 of 1998).
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 (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, which is the original acquisition cost less accumulated depreciation, amortisation or impairment costs made against the asset and disposals if any.
Other expenditure	The following are included in other expenditure: <ul style="list-style-type: none"> • departmental charges/fees; • books and magazines; • consumables; • licences and trade licences; • workshops; • 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 and as income generators or for rental to others that the entities anticipate using during more than one period.

Provision Provision is any amount set aside for the purpose of meeting the following:

- 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.

Provision includes:

- bad debts; and
- leave payouts.

Rates and general services Rates and general services include executive & council (all costs for mayoral, councilors and committee expenses, municipal manager, town secretary and chief executive) finance & admin (finance, human resources, information technology, property services, other admin like security services, legal services, fleet management, asset management, procurement etc, planning and development (economic planning and development, town planning, corporate wide strategic planning (IDPs LEDs etc), building regulations and enforcement, city engineer) health (clinics, ambulance, other including health inspection) community & social services (libraries and archive, museums & art galleries etc, community halls and facilities, cemeteries & crematoriums, child care, aged care and other community) public safety (police includes police forces and traffic, fire, civil defence, other like disaster management), sport and recreation (includes community parks (including nurseries), sports grounds and stadiums, swimming pools, beaches, lakes, dams and jetties for recreation, camping sites etc.). These services are not economically self-supporting and are financed by imposing property rates, the receipt of grants and subsidies and other contributions.

Repairs and maintenance 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.

Reserve 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.

Revaluation Reserve 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.

Self-insurance Reserve 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.

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