

STATISTICAL RELEASE

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Quarterly financial statistics of municipalities

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Key findings

Table A – Purchases and sales of water and electricity, unadjusted* (actual)

Item	Quarter ended:					
	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Year-on-year % change, unadjusted (actual)						
Purchases of water	-5,9	8,3	9,4	4,8	10,6	20,0
Sales of water	6,6	14,4	18,6	7,9	15,2	16,8
Purchases of electricity	-7,0	-6,7	-6,2	-3,4	6,5	9,0
Sales of electricity	-4,5	1,0	1,9	1,1	2,0	6,2

* Some figures have been revised.

Table A shows annual growth rates in the purchases and sales of water and electricity, based on rand values. From the December 2017 quarter to the December 2018 quarter, purchases of water increased by 20,0% and sales of water increased by 16,8%, while purchases of electricity increased by 9,0% and sales of electricity increased by 6,2%.

Table B – Purchases and sales of water and electricity, seasonally adjusted*

Item	Quarter ended:					
	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Quarter-on-quarter % change, seasonally adjusted						
Purchases of water	-2,7	0,2	3,9	2,9	3,4	8,3
Sales of water	-3,3	3,5	3,6	3,8	3,6	4,9
Purchases of electricity	-5,4	1,3	1,4	0,0	2,4	1,3
Sales of electricity	-1,1	0,7	1,0	0,2	1,7	4,5

* Some figures have been revised.

Table B shows quarterly growth rates in the purchases and sales of water and electricity, seasonally adjusted. From the September 2018 quarter to the December 2018 quarter, purchases of water increased by 8,3% and sales of water increased by 4,9%, while purchases of electricity increased by 1,3% and sales of electricity increased by 4,5%.

Seasonally adjusted purchases and sales of water are shown in Figure 1. Seasonally adjusted purchases and sales of electricity are shown in Figure 2.

Annexures A and B provide more detail and longer time series for water and electricity purchases and sales.

See page 13 for a short explanatory note on seasonal adjustment.

Figure 1 – Purchases and sales of water, seasonally adjusted, R million

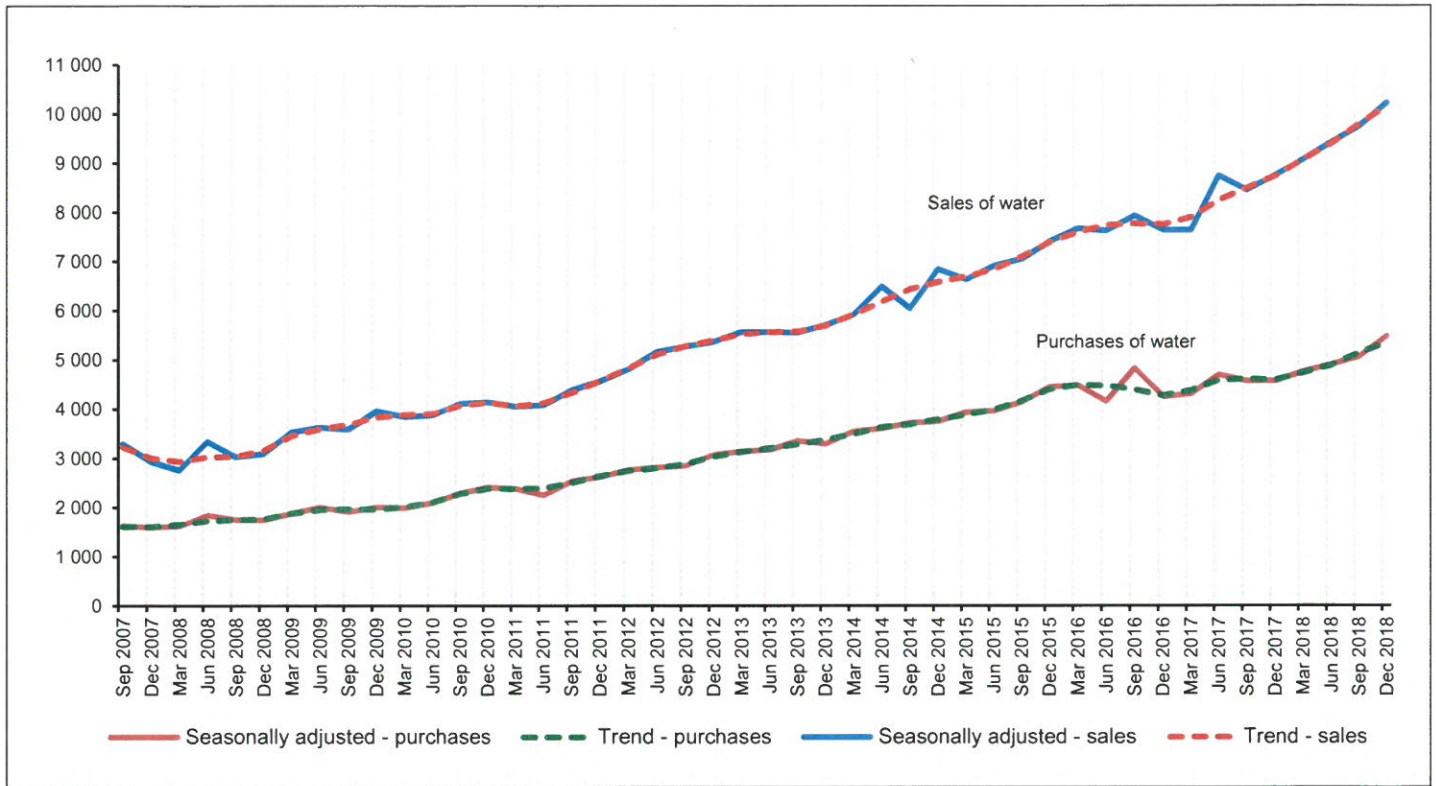
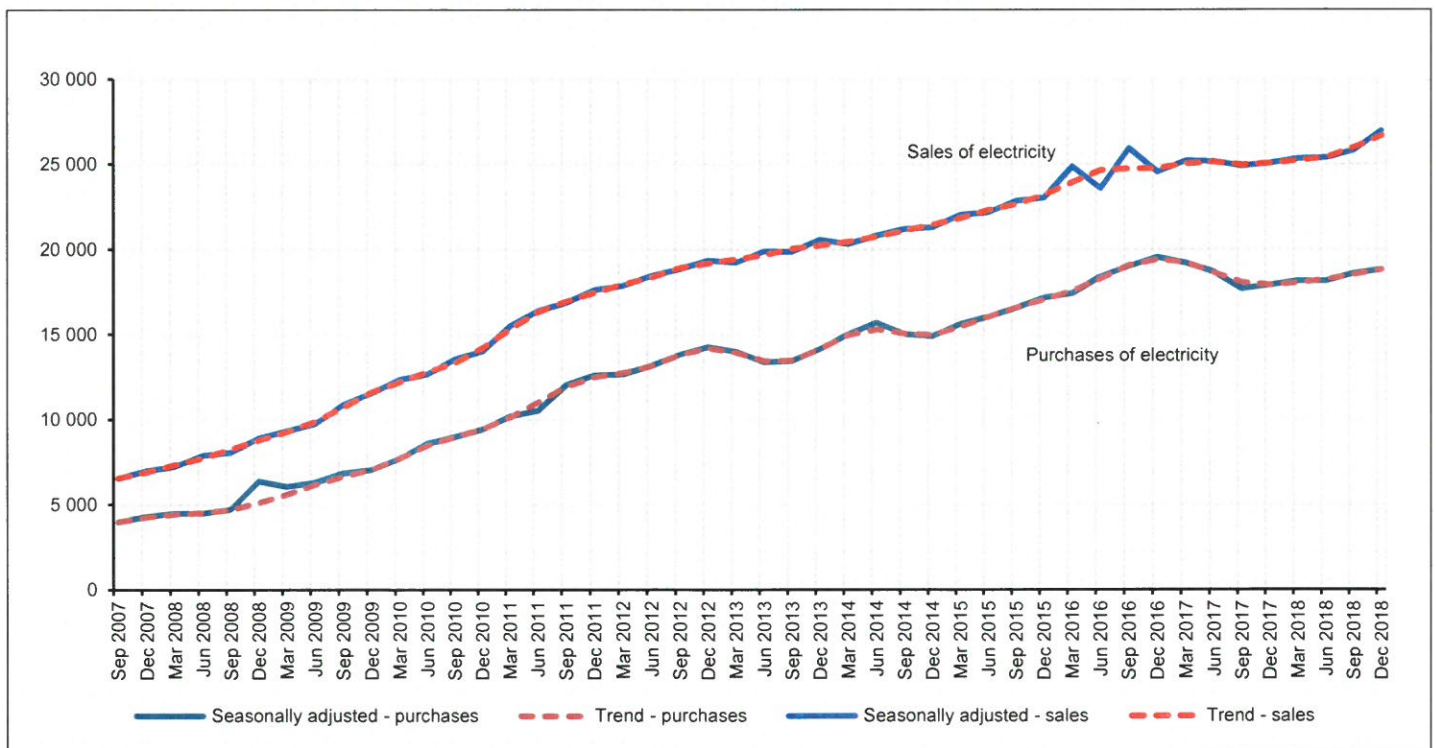


Figure 2 – Purchases and sales of electricity, seasonally adjusted, R million



Risenga Maluleke
Statistician-General

Table 1 – Consolidated statement of financial performance of municipalities for the quarters ended March 2018, June 2018, September 2018 and December 2018: Expenditure – South Africa

Expenditure	March 2018	June 2018	September 2018*	December 2018	Difference between quarters ended Sep. 2018 and Dec. 2018
	R million				
Employee-related costs	23 197	24 303	24 084	26 785	2 701
Remuneration of board of directors/councillors	1 051	1 159	953	1 014	61
Interest paid	1 925	1 534	1 362	2 149	787
Loss on disposal of property, plant and equipment	16	481	58	1	-57
Bad debts	2 318	4 319	3 642	2 855	-787
Contracted services	5 764	7 520	5 264	8 208	2 944
Collection costs	178	240	86	106	20
Depreciation and amortisation	4 333	6 859	4 217	5 540	1 323
Impairment loss (PPE)	33	71	60	0	-60
Repairs and maintenance	2 226	2 435	829	1 374	545
Bulk purchases:					
Purchases of water	4 684	5 134	4 678	5 725	1 047
Purchases of electricity	15 888	18 267	22 024	17 740	-4 284
Other bulk purchases	61	84	12	28	16
Grants and subsidies paid to:					
Other local government institutions	59	45	25	32	7
Tertiary institutions of higher learning	1	1	1	2	1
Households or individuals	170	145	134	150	16
Non-profit institutions serving households	0	4	18	24	6
Other	1 461	977	434	626	192
General expenditure:					
Accommodation, travelling and subsistence	254	252	213	301	88
Advertising, promotions and marketing	149	167	98	196	98
Audit fees	216	152	129	444	315
Bank charges	140	143	129	163	34
Cleaning services	81	119	39	62	23
Consultancy and professional fees	664	975	329	496	167
Entertainment costs	19	49	18	31	13
Fuel and oil	467	614	304	554	250
Hiring of plant and equipment	320	334	116	232	116
Insurance costs	150	248	362	337	-25
Pharmaceutical	51	39	29	44	15
Postal and courier services	53	72	51	90	39
Printing and stationery	104	160	79	134	55
Rebates for property rates	617	569	833	1 043	210
Rebates for service charges	562	248	139	145	6
Rental of land, buildings and other structures	157	176	149	630	481
Rental of office equipment	781	443	111	162	51
Security services	705	769	352	463	111
Subscriptions and membership fees	43	134	180	145	-35
Telecommunication services	201	236	176	207	31
Training and education	150	307	101	125	24
Transport costs	-125	108	109	174	65
Other expenditure	5 994	8 513	9 416	8 173	-1 243
Surplus	26 367	16 505	44 984	32 124	-12 860
Total expenditure	101 485	104 910	126 327	118 834	-7 493

* Some figures have been revised.

Table 2 – Consolidated statement of financial performance of municipalities for the quarters ended March 2018, June 2018, September 2018 and December 2018: Income – South Africa

Income	March 2018	June 2018	September 2018*	December 2018	Difference between quarters ended Sep. 2018 and Dec. 2018
	R million				
Property rates from:					
Residential	8 888	8 838	11 811	11 857	46
Commercial or business	4 535	4 002	4 437	3 561	-876
State	1 067	999	1 727	995	-732
Other (includes agricultural, municipal, etc.)	1 171	1 419	1 854	1 524	-330
Property rates - penalties imposed and collection charges	15	20	52	24	-28
Service charges					
Sales of water	9 105	9 065	9 737	10 551	814
Sales of electricity	23 311	24 911	29 144	25 721	-3 423
Refuse removal charges	2 681	2 553	3 120	2 928	-192
Sewerage and sanitation charges	3 455	3 434	3 992	4 074	82
Other service charges (e.g. fresh produce market etc.)	55	62	94	109	15
Interest earned from:					
External investments	1 439	889	1 040	1 030	-10
Outstanding debtors	1 320	1 606	1 738	1 875	137
Dividends received	1	0	0	2	2
Fines	834	1 011	546	1 065	519
Licences and permits	392	149	319	346	27
Income for agency services	278	242	289	324	35
Rental of facilities and equipment	547	592	476	580	104
Bad debts recovered	-6	8	17	12	-5
Public contributions and donations (including property, plant and equipment)	207	256	74	100	26
Gains on the disposal of property, plant and equipment	55	113	18	25	7
Grants and subsidies from:					
National government	20 527	11 771	26 096	22 658	-3 438
Provincial government	557	338	351	515	164
Local government	6	22	2	9	7
Other	136	1 225	55	54	-1
Spent conditional grants	3 801	6 207	3 797	5 947	2 150
Other income	3 177	2 709	5 987	6 973	986
Deficit	13 931	22 469	19 554	15 975	-3 579
Total income	101 485	104 910	126 327	118 834	-7 493

* Some figures have been revised.

Table 3 – Consolidated statement of financial performance of municipalities for rates and general services for the quarters ended March 2018, June 2018, September 2018 and December 2018: Expenditure – South Africa

Expenditure	March 2018	June 2018	September 2018*	December 2018	Difference between quarters ended Sep. 2018 and Dec. 2018
	R million				
Employee-related costs	14 745	15 635	15 270	17 283	2 013
Remuneration of board of directors/councillors	1 051	1 159	953	1 014	61
Interest paid	1 298	863	1 092	1 496	404
Loss on disposal of property, plant and equipment	13	253	58	1	-57
Bad debts	832	1 478	1 310	1 295	-15
Contracted services	2 514	2 962	1 995	3 437	1 442
Collection costs	174	235	84	101	17
Depreciation and amortisation	1 338	2 479	1 262	1 575	313
Impairment loss (PPE)	22	34	60	0	-60
Repairs and maintenance	103	628	128	336	208
Grants and subsidies paid to:					
Other local government institutions	27	27	8	13	5
Tertiary institutions of higher learning	1	1	1	2	1
Households or individuals	50	50	45	46	1
Non-profit institutions serving households	0	2	18	24	6
Other	1 119	807	256	271	15
General expenditure:					
Accommodation, travelling and subsistence	177	226	185	228	43
Advertising, promotions and marketing	131	140	76	157	81
Audit fees	196	136	120	405	285
Bank charges	135	129	118	151	33
Cleaning services	40	54	27	30	3
Consultancy and professional fees	516	590	260	409	149
Entertainment costs	18	48	16	29	13
Fuel and oil	292	279	161	331	170
Hiring of plant and equipment	185	169	69	142	73
Insurance costs	102	211	301	279	-22
Pharmaceutical	49	38	29	44	15
Postal and courier services	52	69	50	84	34
Printing and stationery	85	136	64	101	37
Rebates for property rates	617	569	833	1 043	210
Rental of land, buildings and other structures	130	142	127	168	41
Rental of office equipment	149	159	61	113	52
Security services	436	519	228	314	86
Subscriptions and membership fees	43	127	176	137	-39
Telecommunication services	164	195	145	172	27
Training and education	122	263	90	110	20
Transport costs	53	100	78	118	40
Other expenditure	3 359	4 739	3 757	4 336	579
Surplus	14 652	8 896	31 125	18 811	-12 314
Total expenditure	44 990	44 547	60 636	54 606	-6 030

* Some figures have been revised.

Table 4 – Consolidated statement of financial performance of municipalities for rates and general services for the quarters ended March 2018, June 2018, September 2018 and December 2018: Income – South Africa

Income	March 2018	June 2018	September 2018*	December 2018	Difference between quarters ended Sep. 2018 and Dec. 2018
	R million				
Taxes on property					
Property rates from:					
Residential	8 888	8 838	11 811	11 857	46
Commercial or business	4 535	4 002	4 437	3 561	-876
State	1 067	999	1 727	995	-732
Other (includes agricultural, municipal, etc.)	1 171	1 419	1 854	1 524	-330
Property rates - penalties imposed and collection charges	15	20	52	24	-28
Interest earned from:					
External investments	1 410	882	1 017	1 006	-11
Outstanding debtors	652	1 020	866	982	116
Dividends received	1	0	0	2	2
Fines	763	982	511	1 021	510
Licences and permits	203	33	133	172	39
Income for agency services	128	218	91	113	22
Rental of facilities and equipment	296	295	258	314	56
Bad debts recovered	-8	7	17	12	-5
Public contributions and donations (including property, plant and equipment)	30	13	19	13	-6
Gains on the disposal of property, plant and equipment	48	56	15	19	4
Grants and subsidies from:					
National government	13 041	7 896	20 577	16 885	-3 692
Provincial government	344	183	164	265	101
Local government	1	5	1	2	1
Other	84	892	2	2	0
Spent conditional grants	1 908	3 115	2 547	3 113	566
Other income	1 478	1 340	4 423	2 035	-2 388
Deficit	8 935	12 332	10 114	10 689	575
Total income	44 990	44 547	60 636	54 606	-6 030

* Some figures have been revised.

Table 5 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended March 2018, June 2018, September 2018 and December 2018: Expenditure – South Africa

Expenditure	March 2018	June 2018	September 2018*	December 2018	Difference between quarters ended Sep. 2018 and Dec. 2018
	R million				
Employee-related costs	8 452	8 668	8 814	9 502	688
Interest paid	627	671	270	653	383
Loss on disposal of property, plant and equipment	3	228	0	0	0
Bad debts	1 486	2 841	2 332	1 560	-772
Contracted services	3 250	4 558	3 269	4 771	1 502
Collection costs	4	5	2	5	3
Depreciation and amortisation	2 995	4 380	2 955	3 965	1 010
Impairment loss (PPE)	11	37	0	0	0
Repairs and maintenance	2 123	1 807	701	1 038	337
Bulk purchases:					
Purchases of water	4 684	5 134	4 678	5 725	1 047
Purchases of electricity	15 888	18 267	22 024	17 740	-4 284
Other bulk purchases	61	84	12	28	16
Grants and subsidies paid to:					
Other local government institutions	32	18	17	19	2
Tertiary institutions of higher learning	0	0	0	0	0
Households or individuals	120	95	89	104	15
Non-profit institutions serving households	0	2	0	0	0
Other	342	170	178	355	177
General expenditure:					
Accommodation, travelling and subsistence	77	26	28	73	45
Advertising, promotions and marketing	18	27	22	39	17
Audit fees	20	16	9	39	30
Bank charges	5	14	11	12	1
Cleaning services	41	65	12	32	20
Consultancy and professional fees	148	385	69	87	18
Entertainment costs	1	1	2	2	0
Fuel and oil	175	335	143	223	80
Hiring of plant and equipment	135	165	47	90	43
Insurance costs	48	37	61	58	-3
Pharmaceutical	2	1	0	0	0
Postal and courier services	1	3	1	6	5
Printing and stationery	19	24	15	33	18
Rebates for service charges	562	248	139	145	6
Rental of land, buildings and other structures	27	34	22	462	440
Rental of office equipment	632	284	50	49	-1
Security services	269	250	124	149	25
Subscriptions and membership fees	0	7	4	8	4
Telecommunication services	37	41	31	35	4
Training and education	28	44	11	15	4
Transport costs	-178	8	31	56	25
Other expenditure	2 635	3 774	5 659	3 837	-1 822
Surplus	11 715	7 609	13 859	13 313	-546
Total expenditure	56 495	60 363	65 691	64 228	-1 463

* Some figures have been revised.

Table 6 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended March 2018, June 2018, September 2018 and December 2018: Income – South Africa

Income	March 2018	June 2018	September 2018*	December 2018	Difference between quarters ended Sep. 2018 and Dec. 2018
	R million				
Interest earned from:					
External investments	29	7	23	24	1
Outstanding debtors	668	586	872	893	21
Dividends received	0	0	0	0	0
Fines	71	29	35	44	9
Licences and permits	189	116	186	174	-12
Income for agency services	150	24	198	211	13
Rental of facilities and equipment	251	297	218	266	48
Bad debts recovered	2	1	0	0	0
Public contributions and donations (including property, plant and equipment)	177	243	55	87	32
Gains on the disposal of property, plant and equipment	7	57	3	6	3
Service charges:					
Sales of water	9 105	9 065	9 737	10 551	814
Sales of electricity	23 311	24 911	29 144	25 721	-3 423
Refuse removal charges	2 681	2 553	3 120	2 928	-192
Sewerage and sanitation charges	3 455	3 434	3 992	4 074	82
Other service charges (e.g. fresh produce market etc.)	55	62	94	109	15
Grants and subsidies from:					
National government	7 486	3 875	5 519	5 773	254
Provincial government	213	155	187	250	63
Local government	5	17	1	7	6
Other	52	333	53	52	-1
Spent conditional grants	1 893	3 092	1 250	2 834	1 584
Other income	1 699	1 369	1 564	4 938	3 374
Deficit	4 996	10 137	9 440	5 286	-4 154
Total income	56 495	60 363	65 691	64 228	-1 463

* Some figures have been revised.

Annexure A – Purchases and sales of water

Quarter ended	Purchases of water				Sales of water			
	Actual (unadjusted)		Seasonally adjusted		Actual (unadjusted)		Seasonally adjusted	
	R million	Year-on-year % change	R million	Quarter-on-quarter % change	R million	Year-on-year % change	R million	Quarter-on-quarter % change
Sep2007	1 489		1 630		3 246		3 298	
Dec2007	1 661		1 597	-2,0	3 031		2 933	-11,1
Mar2008	1 615		1 623	1,6	2 865		2 759	-5,9
Jun2008	1 938		1 846	13,7	3 153		3 345	21,2
Sep2008	1 601	7,5	1 750	-5,2	2 989	-7,9	3 032	-9,4
Dec2008	1 816	9,3	1 746	-0,2	3 195	5,4	3 088	1,8
Mar2009	1 877	16,2	1 881	7,7	3 663	27,9	3 534	14,4
Jun2009	2 098	8,3	2 006	6,6	3 419	8,4	3 629	2,7
Sep2009	1 756	9,7	1 918	-4,4	3 537	18,3	3 586	-1,2
Dec2009	2 084	14,8	2 003	4,4	4 110	28,6	3 961	10,5
Mar2010	2 001	6,6	1 994	-0,4	3 972	8,4	3 844	-3,0
Jun2010	2 174	3,6	2 096	5,1	3 646	6,6	3 873	0,8
Sep2010	2 100	19,6	2 287	9,1	4 056	14,7	4 109	6,1
Dec2010	2 505	20,2	2 409	5,3	4 315	5,0	4 142	0,8
Mar2011	2 406	20,2	2 381	-1,2	4 169	5,0	4 057	-2,1
Jun2011	2 312	6,3	2 251	-5,5	3 848	5,5	4 085	0,7
Sep2011	2 345	11,7	2 540	12,8	4 342	7,1	4 388	7,4
Dec2011	2 723	8,7	2 625	3,3	4 769	10,5	4 569	4,1
Mar2012	2 813	16,9	2 765	5,3	4 919	18,0	4 815	5,4
Jun2012	2 865	23,9	2 814	1,8	4 876	26,7	5 164	7,2
Sep2012	2 646	12,8	2 847	1,2	5 239	20,7	5 277	2,2
Dec2012	3 172	16,5	3 070	7,8	5 597	17,4	5 364	1,6
Mar2013	3 211	14,1	3 144	2,4	5 658	15,0	5 571	3,9
Jun2013	3 221	12,4	3 175	1,0	5 279	8,3	5 568	-0,1
Sep2013	3 134	18,4	3 357	5,7	5 542	5,8	5 560	-0,1
Dec2013	3 396	7,1	3 297	-1,8	5 935	6,0	5 711	2,7
Mar2014	3 617	12,6	3 549	7,6	6 000	6,0	5 927	3,8
Jun2014	3 676	14,1	3 610	1,7	6 186	17,2	6 493	9,5
Sep2014	3 474	10,8	3 718	3,0	6 037	8,9	6 048	-6,9
Dec2014	3 861	13,7	3 752	0,9	7 092	19,5	6 841	13,1
Mar2015	3 982	10,1	3 931	4,8	6 697	11,6	6 633	-3,0
Jun2015	4 071	10,7	3 967	0,9	6 607	6,8	6 911	4,2
Sep2015	3 868	11,3	4 150	4,6	7 057	16,9	7 057	2,1
Dec2015	4 593	19,0	4 449	7,2	7 670	8,2	7 414	5,1
Mar2016	4 497	12,9	4 484	0,8	7 723	15,3	7 670	3,5
Jun2016	4 310	5,9	4 163	-7,2	7 316	10,7	7 624	-0,6
Sep2016	4 493	16,2	4 836	16,2	7 928	12,3	7 927	4,0
Dec2016	4 406	-4,1	4 249	-12,1	7 896	2,9	7 640	-3,6
Mar2017	4 283	-4,8	4 312	1,5	7 680	-0,6	7 640	0,0
Jun2017	4 897	13,6	4 695	8,9	8 405	14,9	8 740	14,4
Sep2017	4 229	-5,9	4 569	-2,7	8 455	6,6	8 450	-3,3
Dec2017	4 772	8,3	4 578	0,2	9 032	14,4	8 749	3,5
Mar2018	4 684	9,4	4 757	3,9	9 105	18,6	9 066	3,6
Jun2018	5 134	4,8	4 897	2,9	9 065	7,9	9 406	3,8
Sep2018	4 678	10,6	5 062	3,4	9 737	15,2	9 740	3,6
Dec2018	5 725	20,0	5 481	8,3	10 551	16,8	10 220	4,9

Annexure B – Purchases and sales of electricity

Quarter ended	Purchases of electricity				Sales of electricity			
	Actual (unadjusted)		Seasonally adjusted		Actual (unadjusted)		Seasonally adjusted	
	R million	Year-on-year % change	R million	Quarter-on-quarter % change	R million	Year-on-year % change	R million	Quarter-on-quarter % change
Sep2007	5 256		3 984		7 546		6 547	
Dec2007	3 857		4 304	8,0	6 837		7 009	7,1
Mar2008	3 667		4 496	4,5	6 639		7 254	3,5
Jun2008	4 317		4 497	0,0	7 440		7 899	8,9
Sep2008	6 491	23,5	4 727	5,1	9 093	20,5	8 066	2,1
Dec2008	5 685	47,4	6 376	34,9	8 874	29,8	8 900	10,3
Mar2009	4 870	32,8	6 063	-4,9	8 476	27,7	9 337	4,9
Jun2009	6 085	41,0	6 319	4,2	9 199	23,6	9 747	4,4
Sep2009	9 318	43,6	6 849	8,4	12 661	39,2	10 895	11,8
Dec2009	6 424	13,0	7 061	3,1	11 442	28,9	11 557	6,1
Mar2010	6 058	24,4	7 705	9,1	11 262	32,9	12 354	6,9
Jun2010	8 336	37,0	8 600	11,6	11 994	30,4	12 665	2,5
Sep2010	12 361	32,7	8 989	4,5	15 662	23,7	13 549	7,0
Dec2010	8 070	25,6	9 424	4,8	13 999	22,3	14 005	3,4
Mar2011	8 605	42,0	10 203	8,3	13 942	23,8	15 508	10,7
Jun2011	10 277	23,3	10 541	3,3	15 608	30,1	16 385	5,7
Sep2011	15 271	23,5	12 038	14,2	19 719	25,9	16 873	3,0
Dec2011	10 934	35,5	12 609	4,7	17 514	25,1	17 613	4,4
Mar2012	10 390	20,7	12 658	0,4	16 269	16,7	17 863	1,4
Jun2012	12 965	26,2	13 169	4,0	17 695	13,4	18 445	3,3
Sep2012	17 492	14,5	13 817	4,9	21 692	10,0	18 858	2,2
Dec2012	13 058	19,4	14 260	3,2	18 626	6,3	19 340	2,6
Mar2013	11 432	10,0	13 987	-1,9	17 763	9,2	19 227	-0,6
Jun2013	13 297	2,6	13 369	-4,4	19 218	8,6	19 883	3,4
Sep2013	17 309	-1,0	13 461	0,7	22 445	3,5	19 867	-0,1
Dec2013	13 049	-0,1	14 139	5,0	19 583	5,1	20 574	3,6
Mar2014	12 334	7,9	15 004	6,1	18 925	6,5	20 311	-1,3
Jun2014	15 821	19,0	15 705	4,7	20 222	5,2	20 804	2,4
Sep2014	19 038	10,0	15 023	-4,3	23 726	5,7	21 196	1,9
Dec2014	13 688	4,9	14 885	-0,9	20 779	6,1	21 288	0,4
Mar2015	13 035	5,7	15 605	4,8	19 979	5,6	22 017	3,4
Jun2015	16 271	2,8	16 036	2,8	21 618	6,9	22 163	0,7
Sep2015	20 521	7,8	16 560	3,3	26 281	10,8	22 838	3,0
Dec2015	16 207	18,4	17 155	3,6	22 272	7,2	23 024	0,8
Mar2016	14 812	13,6	17 424	1,6	22 829	14,3	24 860	8,0
Jun2016	18 686	14,8	18 383	5,5	23 062	6,7	23 583	-5,1
Sep2016	22 242	8,4	19 004	3,4	29 927	13,9	25 930	10,0
Dec2016	17 432	7,6	19 520	2,7	23 973	7,6	24 544	-5,3
Mar2017	16 930	14,3	19 187	-1,7	22 907	0,3	25 199	2,7
Jun2017	18 904	1,2	18 678	-2,7	24 651	6,9	25 158	-0,2
Sep2017	20 674	-7,0	17 673	-5,4	28 569	-4,5	24 892	-1,1
Dec2017	16 270	-6,7	17 897	1,3	24 219	1,0	25 069	0,7
Mar2018	15 888	-6,2	18 150	1,4	23 331	1,9	25 321	1,0
Jun2018	18 267	-3,4	18 147	0,0	24 911	1,1	25 378	0,2
Sep2018	22 024	6,5	18 581	2,4	29 144	2,0	25 816	1,7
Dec2018	17 740	9,0	18 825	1,3	25 721	6,2	26 975	4,5

Notes

Forthcoming issue	Issue	Expected release date
	March 2019	June 2019
Purpose of survey	The <i>Quarterly financial statistics of municipalities</i> (QFSM) (Statistical release P9110), is a quarterly survey that covers local, district and metropolitan municipalities in South Africa. The results are used as inputs into the gross domestic product (GDP) calculation as well as to assist the public sector with policy formulation and the financial analysis of municipalities.	
Response rates	March 2018 quarter:	83% (of 257)
	June 2018 quarter	85% (of 257)
	September 2018 quarter	80% (of 257)
	December 2018 quarter	89% (of 257)
Imputation	Imputation was performed for 28 municipalities (11%) that did not respond or whose responses were not usable.	
Cautionary note	The Quarterly financial statistics of municipalities (QFSM) survey provides quarterly updates based on preliminary figures from municipalities. For a more complete report please refer to the annual Financial census of municipalities (Statistical release P9114) which, in most cases, is based on audited figures.	

Reporting of negative figures by municipalities

Some municipalities pass adjusting journal entries to correct previously recorded figures. In some cases this results in municipalities reporting negative income or expenditure figures.

Implementation of Municipal Standard Chart of Accounts (MSCOA)

The implementation of MSCOA resulted in some municipalities experiencing difficulties with their newly upgraded or acquired systems. Among these are the following:

- i. Municipalities not being able to integrate the old systems (such as a payroll system) into the newly upgraded MSCOA-compliant system; and
- ii. Municipalities struggling and being behind with the capturing of figures into the new system – this is a problem for municipalities which had to move to a new system altogether.

These difficulties have resulted in the following issues for QFSM:

- i. Some municipalities could not provide employee-related figures. This was also seen in the income and expenditure reports generated by the municipalities and sent to Statistics South Africa (Stats SA);
- ii. Some municipalities recorded very low figures as they had not finished capturing all the three months of the quarter;
- iii. The systems of some of the municipalities were generating reports with erroneous figures that could not be used; and
- iv. There were municipalities who could not provide figures at all. Some of them faced challenges with their new system and could not yet generate reports, while others did not yet have figures captured into their new system.

Stats SA is working with the affected municipalities and other stakeholders to address the issues described above.

Explanatory notes

- Introduction** 1 The purpose of the *Quarterly financial statistics of municipalities* survey is to provide stakeholders with information for analysis and assessment of the state of local government finances.
- This publication contains estimates for the quarters ended March 2018, June 2018, September 2018 and December 2018. The survey is designed to obtain financial information of local government institutions relating to:
- the consolidated statement of financial performance 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 257 municipalities. Actual (Unadjusted) data for all municipalities are available with effect from September 2007. Only water (sales and purchases) and electricity (sales and purchases) have seasonally adjusted estimates, and these are available at the national level only (not at provincial or municipal level).
- Classification and accounting standards** 3 For the purposes of classification of local government institutions according to activities, Stats SA used the *Standard Industrial Classification of All Economic Activities* (SIC), Fifth Edition, Report No.09-90-02 of January 1993. Activities of local government institutions also adhere to the accounting standards and requirements in terms of the Generally Recognised Accounting Practice (GRAP).
- The Municipal Standard Chart of Accounts (MSCOA) was initially rolled out (piloted–tested) in 2016 in some municipalities. MSCOA was implemented in all municipalities from the beginning of the 2017 municipal financial year. This is a multi-dimensional classification framework providing the method and format for recording and classifying financial transaction information in the general ledger forming part of the books of account containing a standard list of all available accounts.
- 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 were received late by Stats SA (after the cut-off date for submitting their questionnaires).
- Rounding off figures** 7 The figures in the tables have been rounded off 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; and*
 - P0277 *Quarterly employment statistics.*

Symbols and abbreviations used

9	GRAP	Generally Recognised Accounting Practice
	MSCOA	Municipal Standard Chart of Accounts
	QES	Quarterly Employment Statistics
	SIC	Standard Industrial Classification of All Economic Activities
	Stats SA	Statistics South Africa
	0	Nil or not applicable

Seasonal adjustment

10	<p>Seasonally adjusted estimates are generated each quarter using the X-12 Seasonal Adjustment Program developed by the US Bureau of the Census. Seasonal adjustment is a means of removing the estimated effects of normal seasonal variation from the series so that the effects of other influences on the series can be recognised more clearly. Seasonal adjustment does not aim to remove irregular or non-seasonal influences which may be present in any particular quarter. Influences that are volatile or unsystematic can still make it difficult to interpret the movement of the series, even after adjustment for seasonal variations. Therefore, the quarter-to-quarter movements of seasonally adjusted estimates may not be reliable indicators of trend behaviour. The X-12-ARIMA procedure for purchases and sales of water and electricity is described in more detail on the Stats SA website.</p>	
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Glossary of selected variables used in this publication

Consolidated statement of financial performance	The aggregate or consolidated statement of financial performance (previously referred to as income statement) 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.
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, 1998 (Act No.117 of 1998).
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 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 and clothing allowances (clothing, boots, overalls, etc, supplied to uniformed employees). • also refer to the Quarterly employment statistics (QES) (Statistical release P0277) which measure employment and gross earnings of all employees on a given municipal payroll.
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.
Housing	Housing includes all activities associated with the municipal provision of 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, 1998 (Act No.117 of 1998).
Metropolitan municipality	Metropolitan municipality refers to 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, 1998 (Act No.117 of 1998).
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). Refer to the Local Government: Municipal Structures Act, 1998 (Act No.117 of 1998).

Other expenditure

The following are included in other expenditure:

- departmental charges/fees;
- books and magazines;
- consumables;
- licences and trade licences;
- workshops;
- refreshments; and
- sundries.

Rates and general services

Rates and general services refer to municipal services that are not economically self-supporting and are financed by imposing assessment and other rates, the receipt of subsidies and other contributions. These includes ambulance services, fire control (or fire-fighting), health services (clinics, old-age homes), roads and storm water drainage, 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.).

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 subdivision 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.

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). These include waste management (refuse removal, solid waste disposal (landfill sites), street cleaning, recycling etc.), waste water management (sewerage, storm water management and public toilets), water (water distribution, water storage), electricity (electricity distribution, electricity generation, street lighting) etc.

General information

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